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A NEW REALISM
Factfinding Mission to the People's Republic of China,
July 3-13, 1978



REPORT
BY THE
SUBCOMMITTEE ON ASIAN AND PACIFIC AFFAIRS
TO THE
COMMITTEE ON
INTERNATIONAL RELATIONS
U.S. HOUSE OF REPRESENTATIVES



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FOREWORD

WASHINGTON, D.C., *December 15, 1978.*

The following report has been submitted to the Committee on International Relations of the House of Representatives by a delegation of the Subcommittee on Asian and Pacific Affairs which visited the People's Republic of China July 3 to July 13, 1978. The report is being printed for use by the Congress in its deliberations on matters affecting relations between the United States and the People's Republic of China.

The views and findings in the report are those of the congressional delegation and do not necessarily reflect the views of the members of the Committee on International Relations.

CLEMENT J. ZABLOCKI, *Chairman,*
Committee on International Relations.

(III)

LETTER OF TRANSMITTAL

WASHINGTON, D.C., December 15, 1978.

Hon. CLEMENT J. ZABLOCKI,
*Chairman, Committee on International Relations,
House of Representatives,
Washington, D.C.*

DEAR MR. CHAIRMAN: The enclosed report, "A New Realism: Factfinding Mission to the People's Republic of China," covering the period July 3-13, 1978, is hereby submitted to the House International Relations Committee.

The members of the delegation were Chairman Lester L. Wolff, Representatives L. H. Fountain, J. Herbert Burke, and R. Tennyson Guyer, of the Subcommittee on Asian and Pacific Affairs; Representatives Eligio de la Garza and Larry Winn, Jr., of the International Relations Committee; and Representative Charles Rangel of the Committee on Ways and Means. Others with the delegation included Mr. Edward Palmer, staff director of the Subcommittee on Asian and Pacific Affairs, and Mr. Christopher Nelson, staff associate on the subcommittee. Upon the delegation's arrival in Shanghai, Mr. Richard Bock, Counselor at the U.S. Liaison Office in Peking, joined the delegation at our request.

During the 10-day stay, the delegation visited Shanghai, Peking, Sian, and Canton. We met with various Government officials, including Senior Vice Premier Teng Hsiao-ping; Vice Foreign Minister Wang Hai-jun; Vice Minister of Foreign Trade Wang Jun-sheng; Ambassador Hao Teh-ching, President of the People's Institute of Foreign Affairs; Dr. Chou Pei-yuan, Vice President of the Academy of Sciences and President of Peking University and many other individuals who gave generously of their time, hospitality, and views. Ambassador and Mrs. Leonard Woodcock, and their staff at the Liaison Office in Peking provided excellent assistance, and helped make this mission highly successful. The itinerary of the mission included onsite inspections of factories, hospitals, communes, and educational and cultural institutions.

The primary purpose of this report is to provide the Congress with current and personal impressions of the People's Republic of China and an evaluation of the changes in China since the fall of the "Gang of Four," and the reemergence of Vice Premier Teng.

The delegation is indebted to Ambassador Han-hsu and his staff at the Liaison Office of the People's Republic of China in Washington, D.C., for their work with the subcommittee in preparing for the mission. The delegation wishes to extend special thanks to Ambassador Hao and his staff at the People's Institute, who provided invaluable

information, escort, and translation services during our visit. The subcommittee also wishes to thank Ambassador Leonard Woodcock and his staff in Peking, and Counsel General Thomas Shoesmith and his staff in Hong Kong for their advice and assistance during and after the mission. Dr. Robert Sutter, Congressional Research Service, Library of Congress, provided information and written materials to the subcommittee which have been of great assistance. Finally, the delegation would like to thank Mr. Edward J. Palmer and Mr. Christopher D. W. Nelson of the subcommittee staff for their assistance in the planning and execution of the mission and in the preparation of this report.

We hope that the following report will be helpful to the committee, the Congress, the administration, and the American people as we attempt to develop policy toward normalization of relations with the People's Republic of China.

Sincerely,

LESTER L. WOLFF,
Chairman, Subcommittee on Asian and Pacific Affairs.

CONTENTS

	Page
Foreword.....	iii
Letter of transmittal.....	v
Delegation introduction.....	1
Principal themes.....	1
Key questions.....	3
Report sequence.....	3
Delegation conclusions.....	5
The normalization process.....	5
The Republic of China (Taiwan).....	5
Foreign affairs.....	6
Domestic policy, trade, and economics.....	7
Delegation recommendations.....	9
Delegation report.....	11
Purpose of the 1978 mission.....	11
Background.....	11
1978 mission.....	13
Foreign affairs.....	14
The Republic of China (Taiwan).....	16
Education, foreign trade, and domestic growth.....	18
Supplemental statement of Representative L. H. Fountain.....	21
Conversations with PRC officials.....	23
Vice President Teng Hsiao-ping.....	23
Ambassador Hao Teh-ching.....	28
Vice Foreign Trade Minister Wang Jun-sheng.....	36
Vice President Chou Pei-yuan, Academy of Sciences.....	42
The itinerary.....	49
Shanghai.....	49
Peking.....	50
Sian.....	52
Canton.....	52
Peking University and Chiaotung University, Sian.....	53
Supplementary analyses.....	57
PRC foreign policy.....	57
Normalization: PRC and ROC.....	62
Trade and economic development in the PRC.....	66
Modernization: The workers and the peasants.....	69
China since the cultural revolution.....	74
Appendixes:	
A. Itinerary listing.....	85
B. Hong Kong press conference transcript.....	87
C. Teng Hsiao-ping interview with Japanese journalists.....	93
D. Selected press clippings.....	96
E. PRC defense "white paper".....	113
F. Summaries of 1977 normalization hearings held by the Subcommittee on Asian and Pacific Affairs.....	122
G. American Bar Association delegation.....	128



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DELEGATION INTRODUCTION

From July 3 to 13, 1978, the Subcommittee on Asian and Pacific Affairs conducted a factfinding mission to the People's Republic of China. Members of the delegation included Subcommittee Chairman Lester L. Wolff, Representatives L. H. Fountain, J. Herbert Burke, and R. Tennyson Guyer of the subcommittee; Representatives Eligio de la Garza and Larry Winn of the Committee on International Relations; and Representative Charles Rangel of the Committee on Ways and Means.

The delegation represented the first time a formal, standing committee of the House of Representatives had been officially invited, as a subcommittee, to the People's Republic of China. Our hosts, the People's Institute of Foreign Affairs, extended the invitation to the Subcommittee on Asian and Pacific Affairs. Previous congressional groups had visited China in a private capacity, or through arrangements facilitated by the executive branch.

PRINCIPAL THEMES

In this report, the delegation will describe principal themes which emerged from our observations, and from conversations with our hosts. Specifically:

(1) The delegation left the People's Republic of China with a sense that what we have termed a "new realism" that encompasses all aspects of China's life—its politics, social institutions, economy, and educational facilities.

(2) The rhetoric of the past has been moderated, if not eliminated. Mao's "little red book" was not in evidence, and the only theme repeated consistently was the injunction of Chairman Mao to "Let 100 flowers bloom, let 100 schools of thought contend." During the mission, we perceived that this rallying cry of the 1950's had been rehabilitated to set the tone for a new atmosphere, one the Chinese hoped would stimulate a freer flow of creative ideas and initiatives. Such a renewed flow was seen by China's leaders as a way to break the ideological straitjacket of the Cultural Revolution, and the rule of the "Gang of Four," which had paralyzed China for nearly a decade by inhibiting not only popular criticism, but also those officials favoring expertise over ideology, and "seeking truth from facts," rather than dogma.

(3) The delegation felt that the new realism, and the themes of "Let 100 flowers bloom, let 100 schools of thought contend," also extended to the conduct of China's economic and foreign policy, particularly China's foreign trade, so that China could once again "learn from foreign friends."

(4) The rationale advanced by our hosts to stimulate China's progress in the "Four Modernizations," that is progress in industry, agriculture, science, and defense, was the need to resist what was seen as the worldwide efforts at "hegemony" by the Soviet Union—the

"Polar Bear." The Chinese stated how meaningful progress had been retarded, and the gap between China, the U.S.S.R., and the West had been widened, and how much they had to accelerate progress to meet the challenges of the decades ahead.

(5) For the United States, the Chinese constantly warned against what they termed "the policies of appeasement." They felt the United States was subordinating defense requirements in the face of the real and potential threat posed by the Soviets on an international basis. This is in contrast to past exhortations which centered on the need to concentrate our attention solely in Europe. The Chinese were critical of the United States-Soviet SALT talks, and other efforts at pursuing "détente." They also warned against "feeding chocolates to the Polar Bear," a colorful expression used to ridicule Western pursuit of trade and technological exchange with the Soviet Union.

(6) In contrast to the past several years, the tone of statements about the Republic of China (Taiwan) and particularly the Kuomintang, seemed deliberately low key. The possibility of the PRC's coming to an accommodation with the leaders of the KMT was raised as having two historical precedents; therefore, we were told "since there has already been cooperation with the Kuomintang twice, can you rule it out the third time?"

(7) The leaders of the People's Republic of China made it clear they wished to normalize relations with the United States. [Throughout this report, "normalization" will be defined as that process including or culminating in an exchange of ambassadors between Washington and Peking.] But at the same time, People's Republic of China leaders repeated their past insistence on American acceptance of the "three points" regarding the Republic of China (Taiwan). [By the "three points," the United States would be required to withdraw diplomatic recognition of the Republic of China, cancel the Mutual Defense Treaty with the Republic of China, and withdraw all U.S. troops from Taiwan.]

(8) In return for U.S. recognition of the People's Republic of China as the government of all of China, the delegation was told that leaders in Peking were prepared to discuss what they termed the "political realities" and the "modalities" of a continued American relationship with the people of Taiwan. The so-called "Japanese Formula"¹ was cited as one possible model for postnormalization relations between the United States and Taiwan. Steadfastly refusing to make any commitments on a peaceful settlement of the Taiwan question, PRC leaders stressed they would do their best to create conditions to solve this question by peaceful means.

The delegation has entitled this report "A New Realism: Factfinding Mission to the People's Republic of China" to describe what it perceives as a new realism on China's part. However, we also seek to indicate that an opportunity exists for a new realism on the part of U.S. policymakers.

¹ The "Japanese Formula" is the term used to describe the process whereby in 1972 the Government of Japan formally terminated all official relations with the Republic of China (Taiwan) upon exchanging ambassadors with the People's Republic of China. The Japanese replaced their embassy in Taipei with a "private" trade office, which in effect issues visas, and carries out all the duties necessary to facilitate a continued social and economic relationship between Japan and Taiwan. Unlike the United States, Japan had no formal defense relationship with the Republic of China (Taiwan).

KEY QUESTIONS

Our consensus on this matter should not be interpreted as a blanket endorsement of all that we were told, or all that we were expected to see in China. Far from it. Delegation members emerged from the People's Republic with many questions stemming from their experiences. Among them:

(1) Are the current trends we report in China deep-seated, or are there likely to be new upheavals, similar to the many changes which have kept the People's Republic of China in political turmoil for 20 years?

(2) Is the "new realism" and its possible application to the Taiwan situation merely a ploy on the part of China's leadership, designed for external, and particularly United States, consumption? Or, is it a genuine effort to explore new approaches that recognize the past and present relationship of the United States and the Republic of China (Taiwan)?

(3) Does the apparent opening for negotiation on Taiwan perceived by the delegation exist because of China's domestic needs for modernization?

(4) Can the United States help keep the People's Republic of China in its current posture by helping China to meet her domestic needs?

(5) Even if the changes now underway in China take root, what guarantees are there that they will continue across-the-board, particularly regarding China's attitude toward the United States?

(6) Will cooperation in meeting China's strategic goals reap dividends for the United States? If so, what dividends?

(7) Do the possible risks of helping the Chinese meet their strategic goals outweigh the possible benefits for the United States?

(8) Can a relationship, based primarily on perception of a common adversary (the U.S.S.R.) endure?

We recognize that there can be no "10-day experts" on any country, much less a land as vast and as complicated as the People's Republic of China. But the background available to the delegation in the form of the work of the subcommittee over several years, and the excellent briefings received prior to the mission, have given us confidence that we can report accurately on what we saw and heard.

REPORT SEQUENCE

The above summarizes the principal observations of the delegation. The section which follows details the delegation's conclusions and recommendations. In subsequent sections, the delegation's full report is presented, followed by individual members' reports, and conversations with leaders of the People's Republic of China, including Vice Premier Teng Hsiao-ping. Following the conversations, detailed sections on various aspects of PRC policy are included as supplementary analyses in order to help place into an overall context the findings and recommendations of the delegation. Finally, the appendix contains press reports, PRC position papers, and other items designed to serve as backup material to the report.

DELEGATION CONCLUSIONS

Before presenting our principal recommendations, the delegation wishes to summarize the conclusions which lead to the recommendations. They are:

THE NORMALIZATION PROCESS

(1) The direct statements and cumulative impressions received by the delegation are evidence of a clearly positive outlook on normalization by China's leadership.

—At formal meetings and informal gatherings throughout our visit, the delegation was repeatedly told that normalization was a desirable goal and that it was hoped that our visit would help facilitate normalization.

—Economic and strategic advantages to both sides were consistently cited by our Chinese hosts as the fruits of normalization.

(2) The delegation believes that if the normalization process is pursued, the positive outlook it perceives can extend to negotiations on the modalities of normalization in an atmosphere of respect for the positions of the parties involved.

—Explicit Chinese statements about the potentially negotiable nature of what were termed the realities and modalities of the U.S. relationship with Taiwan led the delegation to feel that the "grey-area" necessary for compromise between the hard positions of each side might be located by negotiation.

—The delegation feels that the positive outlook stems from an increasing perception by the PRC leadership of economic, strategic, and political interests which both governments have in common.

—The treaty of peace and friendship, and the long-term trade agreements negotiated in 1978 between Japan and the People's Republic of China are of interest as potential guideposts for the future.

THE REPUBLIC OF CHINA (TAIWAN)

(1) The delegation notes the existence and the importance of the Mutual Defense Treaty between the United States and the ROC.

(2) The delegation considers that conversations with the PRC's leaders regarding Taiwan and the Kuomintang represent a potential opening, and therefore, in the context of an official U.S. congressional mission, a new opening.

—Considering its source, the delegation recognizes the importance of the remark that cooperation between the Communists and the KMT could not be ruled out because twice, prior to 1949, the KMT and the Communists had cooperated.

—We recognize that the PRC has raised the possibility of negotiations with the ROC several times since 1949. However, we believe that the significant difference in 1978 is the tone and context of the discussion, and that domestic PRC policies of pragmatism and modernization reinforce the foreign policy and Taiwan initiatives.

(3) The delegation concludes that the possibilities for negotiations relative to Taiwan, with genuine respect for the positions of all parties, appear more favorable now than at any time in the past 20 years.

—We note such instances as the 1955–56 offers by then-Premier Chou En-lai to negotiate a peaceful settlement of United States-China differences in the Taiwan Straits.

—We question whether inaction in the present, or opting for the status quo, will help perpetuate the presently favorable atmosphere.

(4) The delegation understands the “three points” of the PRC regarding a peaceful settlement of the future of Taiwan.

—At the same time, the delegation states its support of the position that the future well-being of the people of Taiwan, and the question of stability in the region, are related, and that they rest on maintenance of peace in the region.

(5) The delegation wishes to state its concern that the resort to force by parties on either side of the Taiwan Strait would jeopardize stability in the region, and should prompt reassessment by the United States of its relationship with any party initiating violence.

—We believe that any invitation to a third party to active involvement in the question of Taiwan’s future would itself jeopardize stability in the region, and should prompt reassessment of the U.S. position regarding any party involved in such an invitation.

FOREIGN AFFAIRS

(1) The People’s Republic of China now perceives the Soviet Union to be its preeminent threat. This is in contrast to the past, when the United States was seen as an equal, if not greater, enemy.

—The Chinese now state that the Soviets are a direct threat to China, and not just the West, in contrast with the past, and cite the Soviet border regions as possible initial areas of conflict.

—China seeks to build an international alliance of common strategic and political interests against what it terms “Soviet expansionism,” and “hegemony.”

—China believes the Soviet Union is attempting to “encircle” the PRC, but that China can break this encirclement (as she has other encirclements) by pursuing common interests with the United States, the nations of Europe, the Middle East, and Asia.

—Premier Hua Kuo-feng’s mission to Europe, European arms purchases and economic initiatives, the signing of the Treaty of Peace and Friendship with Japan, and a worldwide pattern of diplomatic visits are all related to China’s efforts to counter what it sees as the Soviet threat.

(2) The PRC wants the United States and its allies to strengthen opposition to the Soviet Union in each hemisphere of the world.

—The Chinese no longer emphasize the NATO alliance as the only bulwark against the U.S.S.R.

—They consider the U.S. goals of pursuing “détente through the SALT agreements, and increased trade and technological exchange with the Soviet Union to be a policy of “appeasement.”

- They urge upon the United States and the West a three point plan of direct political and strategic action to deny the Soviets the advantages they now enjoy through “détente” and exchanges. The Chinese say their plan would make war between the United States and Russia no longer “imminent,” but perhaps “postponable” for as much as 25 years.

DOMESTIC POLICY, TRADE, AND ECONOMICS

(1) The PRC is engaged in the “Four Modernizations,” an organized campaign to upgrade and modernize all aspects of its educational, scientific, technological, military, and commercial capacities, and has rejected the militant self-reliance policies of the Cultural Revolution.

- The Hua-Teng leadership is attempting to reestablish and carry to conclusion the initiatives begun under then-Premier Chou En-lai in 1972–74, prior to Chou’s death and the rise of the “Gang of Four.”

- In pursuit of these goals, present PRC leadership welcomes “learning from foreign friends,” and emphasizes “seeking truth in facts,” rather than making facts fit ideology.

- As a result, the preeminence of Chairman Mao’s sayings and writings have been increasingly muted in favor of specific statements by the current leadership.

- Mao is now being reinterpreted, if not redefined, to justify a re-examination of and criticism of past policies, including the policies of Mao himself.

- Integral to the process of redefining the ideological backing for the practical policies now being pursued in criticism of the so-called “Gang of Four,” led by Mao’s wife, Chaing Ching, and also criticism of former defense minister and party vice chairman Lin Biao, and their supporters.

(2) The PRC is taking active steps to pursue domestic modernization.

- The announced goal of the PRC, involving potential expenditures in excess of \$100 billion, is to modernize the nation completely by the year 2000. Steps in this process include such goals as 80 percent mechanisation of agriculture by 1980 and 120 major new industrial projects by 1985.

- Military missions to Western Europe have already explored sales of more than \$1 billion for weapons ranging from jet fighter engines to antitank missiles.

- Plans have been announced for United States-China, and a China-worldwide student exchange program, eventually involving 15,000 to 20,000 students of primarily scientific and technical subjects.

- A goal of training 800,000 new scientific research and technical workers by 1985 has been set, thus emphasizing educational reform, and exchanges.

- Large-scale purchases of entire technologies and industries from Japan, West Germany, Great Britain, and other nations in the vital areas of coal, oil and steel production have been announced, involving billions of dollars.

(3) The PRC is moving toward full participation in the international economic and financial system in order to pursue its modernization goals.

- PRC worldwide trade for the first half of 1978 exceeded by 30 percent trade for the first half of 1977, reaching \$19 billion.
- Credit financing, joint production projects, "payback" developments, and direct loans from Japanese banks, have all been publicly discussed or announced.
- Long-term trade agreements, such as one with Japan reported to involve \$20 billion, have been announced or are under consideration.

(4) The delegation was told that expanded trade with the United States would be a major fruit of normalization.

- Chinese leaders indicated that the question of frozen assets stemming from the Communist takeover in 1949 was no longer considered an obstacle, quoting discussions with U.S. officials in recent years.
- The Chinese said they desired normalization in order to end the trade restrictions, particularly certain export controls, which have prevented technological sales in recent years.
- PRC leaders indicated that United States-China trade would increase, even without normalization, because of China's strategic needs.
- However, Chinese officials indicated that if export restrictions are not lifted by the United States, they will feel compelled to develop trade with U.S. competitors.

DELEGATION RECOMMENDATIONS

Based on the findings and conclusions presented above, the delegation makes the following principal recommendations:

(1) The possible implications of China's "new realism" as it affects establishing full diplomatic relations with the United States should be pursued by the administration in a timely manner.

—It has been nearly 7 years since the signing of the Shanghai Communiqué. The question of timing, therefore, is important in order that U.S. inaction—or the appearance of inaction—not help induce a return to the more inflexible attitudes of recent years in China.

(2) An active search for the "grey area" between the fixed positions of both sides on the Taiwan question should be pursued in light of the presently favorable atmosphere perceived by the delegation.

—The 1955–56 offer to negotiate a treaty with the United States, combined with informal suggestions to the delegation of willingness to consider negotiations with the Kuomintang, would seem to constitute the boundaries of a "grey area" which could produce favorable results, so long as a positive attitude continues to exist between Washington and Peking.

(3) To foster a continued positive attitude on both sides, the United States and the People's Republic of China should encourage and develop increased exchanges of people and views on official, private, and corporate-business levels.

—Such exchanges, particularly when they are designed to increase trade, are both a stimulus to, and an actual component of, the normalization process. The delegation feels that a growing trade and cultural relationship between China and the United States can lead to a genuine bond between our two countries.

—Specifically, the delegation now formally recommends what it has already informally suggested: that the administration send the President's Special Negotiator on Trade at the head of an official trade mission to China to follow up and seek to expand on the initiatives being pursued by private corporations and organizations.

—The delegation urges a realistic and systematic approach to expanding United States-China relations, particularly in the areas of industrial and scientific exchange, coupled with a careful analysis of the estimated returns to the United States and its interests, particularly in the security area.

(4) The question of normalization should be based on the common bilateral interests and concerns of the United States and the People's Republic of China.

—The delegation notes that despite their harsh statements concerning Soviet intentions, PRC leaders stressed that normalization should not be pursued purely as an anti-Soviet measure.

- The delegation feels that opposition to the Soviet Union is inadequate to serve as the foundation for a solid relationship between the United States and the People's Republic of China.
- (5) The delegation urges upon the administration the necessity of full cooperation with the Congress regarding its normalization plans and policies.
- The work of the subcommittee and its predecessor (the Future Foreign Policy Subcommittee) since 1975, including the factfinding mission of July 1978, has been designed to minimize the possibility of divisive debate (as occurred on the Panama Canal Treaty) because the Congress and the American people are unfamiliar with the history and issues involved in normalization, including progress, or lack of it.
- In order to avoid unwarranted fears or misunderstandings, the component parts or packages of the normalization process must be recognized and spelled out, particularly those regarding trade, security, and related questions which will require congressional approval, and which in many cases will require congressional initiative.
- The delegation recognizes that normalization is a process which may either begin with, or culminate in, an actual exchange of ambassadors, and that the decision regarding this exchange rests with the Executive, but that its implementation must be a shared process with the Congress.

DELEGATION REPORT

PURPOSE OF THE 1978 MISSION

The 1978 mission of the Subcommittee on Asian and Pacific Affairs was planned as a followup to the then recently completed fall 1977 hearings on the practical implications of normalization with the PRC. The delegation desired to see firsthand the effects of changes in China since the fall of the "Gang of Four," the accession to power of Premier Hua, and particularly the influence of Senior Vice Premier Teng Hsiao-ping, whose pragmatism has been his characteristic for the past 25 years.

In planning the itinerary with the liaison office of the PRC in Washington, D.C., the delegation's purpose was to see and experience within the limitations of a 10-day visit as wide a cross section of China as possible—the people, the culture, the industry, commerce and agriculture, and political leadership.

A number of changes had occurred in China since 1976. The "smashing" of the "Gang of Four" and the rehabilitation of Teng Hsiao-ping were two key shifts. The delegation wished to assess the extent of impact of the leadership of Premier Hua and Vice Premier Teng.

Furthermore, the delegation felt that the issue of the future of Taiwan, which has served as the principal stumbling block to fulfillment of the policy goals outlined in the Shanghai communique, should be explored in an atmosphere free of the attitudes and rhetoric of the "Gang of Four" and their followers.

On the eve of its departure, the delegation held the general view that for economic, political, and strategic reasons, normalization between the United States and the People's Republic of China was an important question to be addressed.

At the same time, the need to achieve normalization without endangering the well-being of the people of Taiwan remained a parallel concern. In these views, the delegation reflected the opinions of the Congress, the American people, and each administration since 1972.¹

BACKGROUND

As background to this report of the 1978 mission, two previous investigations of the PRC will be highlighted:

- (1) The 1976 study mission of Chairman Wolff and Republican Burke;²

¹ Opinion poll by Potomac Associates, Inc., Washington, D.C., 1977. Perhaps the most systematic of recent polls on this issue, the Potomac Associates findings mirrored, and have subsequently been reflected in polls by a variety of professional organizations.

² "United States and China: Future Foreign Policy Directions," Subcommittee on Future Foreign Policy, USGPO, 1976.

(2) The 1975-76, and 1977 series of 14 hearings on normalization with China held by the Subcommittee on Asian and Pacific Affairs.³

THE 1976 MISSION

The 1978 delegation met and talked with the leaders of a China which was in many ways quite different from the country previously visited by Chairman Wolff and Representative Burke in 1976. At that time, China was in the grip of the now discredited "Gang of Four." In 1976, the previous delegation met with then Senior Vice Premier Chiang Ching-chiao, and heard from Chinese officials at all levels a hard line on self-reliance and isolation from external influences. This determined isolation extended to all of the vital issues surrounding normalization, particularly regarding the Republic of China (Taiwan).

This matter, Representatives Wolff and Burke were told in 1976, was purely China's internal affair, in which no external interference would be permitted or even discussed.

Thus, in contrast with the present, there was very little solace in 1976 for those members who sought recognition by the PRC that the United States might have strong concerns regarding the ultimate destiny of Taiwan and her people.⁴

The 1976 delegation was told repeatedly that the PRC neither wanted nor needed the outside world. The Soviet Union was then—as it is now—perceived as China's principal enemy. But in 1976, no direct assistance from the West was seen as necessary for China to withstand the threat of the "Polar Bear."

By 1976, the grip of the cultural revolution had passed its peak, but many aspects of Chinese life from universities to factories, from communes to urban apartment complexes, were still captive of the revolution's rhetorical, and political straitjacket. For 10 years, this movement virtually halted the scientific, technical, and educational progress occurring in the West, and which was being enjoyed by many of the PRC's Asian neighbors.

There were some relatively positive aspects. The "Gang of Four" apparently still sought the goal of normalization discussed in the Shanghai communique by Chairman Mao and the then recently deceased Premier Chou En-lai. Also, the "Gang of Four" desired at least indirect Western assistance in order to divert Soviet resources to the NATO flank in Europe, thus lessening pressure on the Sino-Soviet border.

1977 SUBCOMMITTEE HEARINGS

In September and October 1977, the Subcommittee on Asian and Pacific Affairs held a series of six hearings on the practical implications of U.S. Government policy since the signing of the Shanghai communique. The question pursued was not whether, but when, and how,

³ "The United States-Soviet Union-China: The Great Power Triangle," USGPO, 1976, and "Normalization of Relations With the People's Republic of China: Practical Implications," USGPO, 1977, hearings held by the Future Foreign Policy Subcommittee, and its successor, the Subcommittee on Asian and Pacific Affairs, House International Relations Committee.

⁴ In November 1976, Representative Fountain, with Representatives Sam Gibbons and Robert Lagomarsino, and then-Chairman Thomas E. Morgan of the International Relations Committee, visited the Republic of China (Taiwan). In their report, entitled "Outlook On The Far East, November 1976," USGPO, December 1976, the members urged retaining formal diplomatic and military relations with the ROC.

to pursue normalization with the People's Republic of China ⁵ in terms of the interests of the United States.

These hearings were a followup to the 1975-76 hearings ⁶ and the 1976 factfinding mission. They highlighted the fact that, no matter what the international economic, political, and strategic situation, the prime concern over the issue of normalization with the PRC revolved about the question of Taiwan's future, and the many business, technical and legal matters surrounding that issue. Specifically, the 22 witnesses in 1977 testified repeatedly that the key question involved both the intent and present function of the Mutual Defense Treaty, generally regarded for the past 24 years as the only reliable source of international security for the people of Taiwan.⁷

For example, witnesses favoring continuation of the Mutual Defense Treaty testified that only its protective cover would provide the security that international business concerns required to continue operating in Taiwan. It was suggested by some that the Japanese were able to negotiate their "formula" with Peking precisely because of the protective umbrella of the United States and its continuing relationship with Taipei.

Given the PRC's theme of self-reliance, and pre-1978 policies regarding credit or long-term financing, witnesses generally felt that with or without normalization, anticipated U.S. trade with China could not be expected to increase substantially. U.S. trade with Asia now exceeds that with Europe. But some witnesses expressed doubt whether U.S.-PRC trade would ever amount to the two-way street enjoyed by the United States and the other nations of Asia.

Some experts on strategic questions testified during the 1977 hearings that uncertainty over possible Sino-Soviet rapprochement should serve as a counter to other experts who urged normalization as an anti-Soviet move in the world arena.

In the main, though, those witnesses in favor of normalization with the PRC did so on the basis of specific bilateral concerns between the United States and China. Such witnesses urged that if normalization could be accomplished it should be done in an atmosphere free of actual or implied threats to the Soviet Union.

1978 MISSION

During 10 days in July 1978, the delegation traveled some 2,600 miles and visited 4 cities in the People's Republic of China.⁸ Detailed, frank, and open exchanges were held with Senior Vice Premier Teng Hsiao-ping, Vice Foreign Minister Wang Hai-jun, Mr. Wang Jun Sheng, Vice Minister for Foreign Trade, Ambassador Hao Teh-ching, president of the People's Institute for Foreign Affairs, Dr. Chou Pei-yuan, vice president of the Academy of Sciences and president of Peking University, and many other individuals who gave generously of their hospitality, time, and views.

Since the 1976 visit by Chairman Wolff and Representative Burke, many new faces had appeared in Peking. As noted, the "Gang of Four" had been "smashed," and Teng Hsiao-ping had been rehabilitated for

⁵ "Normalization of Relations With the People's Republic of China: Practical Implications," hearings before Subcommittee on Asian and Pacific Affairs, USGPO (1977).

⁶ "The United States-Soviet Union-China: The Great Power Triangle," Subcommittee on Future Foreign Policy, USGPO (1976).

⁷ Summarized testimony from each hearing appears in the appendix.

⁸ See appendix A for itinerary.

the second time, now sharing power with Chairman Mao's handpicked successor, Premier Hua. But the changes the delegation both witnessed and sensed as being under debate appeared far deeper than simple shifts in the corridors of power in Peking.

The delegation came out of China with both individual impressions and factual findings which cast light on the key concerns of the American people regarding the normalization question. The resulting distillation of meetings between the delegation and China's leadership should help illuminate many of the questions raised by the subcommittee in 14 hearings over the past 3 years.

As noted in the press conference⁹ in Hong Kong, just 48 hours after crossing the border from Canton, and as was discussed again with Secretary Vance and Assistant Secretary Holbrooke in Washington, the delegation emerged from the People's Republic of China with the sense that a "new realism" was beginning to assert control of affairs in that great land through the pragmatism of Vice Premier Teng.

Much of what was seen and heard in China was not new in itself. But the tone and context of what the delegation was told and shown quickly built in the delegation a strong sense of the pragmatic hand of Senior Vice Premier Teng in the day-to-day life of China. This was particularly evident in the areas of foreign policy and economic development, which the Chinese now see as closely related.

Certainly no visit of only 10 days could qualify any group as expert on the policies of or events in another nation, especially a society as closed to independent inspection as China. But the delegation had the benefit of considerable background experience, as previously described. Consequently, the delegation feels that what it perceived to be the "new realism" now growing in China will bear close study in the future.

FOREIGN AFFAIRS

It is in the area of foreign affairs that China's "new realism" would appear to have its most obvious roots. It is a convincing rationale for explaining why the leaders of China seem determined to modify—if not turn away from—the policies and strict ideologies of the recent past.

At all levels of discussion on foreign affairs, the need to meet and resist what was termed "Soviet expansionism" was the common theme, and, therefore, the motivation, for China to upgrade her scientific, technical, and military capacities. In this limited sense—definition of the Soviet Union as the arch foe—China of 1976 and 1978 merge into one. But the differences in approach in 1978, both at home and abroad, are striking, and warrant closer scrutiny.

In general, the delegation emerged from China with a definite sense of the critical strategic and political problems facing the People's Republic of China in the form of the Soviet Union—the "Polar Bear"—and what the Chinese labeled the Soviet Union's "Asian Cuba," Vietnam.

NORMALIZATION URGED

However, on the basis of its conversations with China's leaders, the delegation feels that while China seeks an acceleration of normalization with the United States as an integral part of its struggle

⁹ Press conference transcript is presented in full in the appendix.

against the Soviet Union, the leaders in Peking do not want normalization to be played as "the China card," that is, as an anti-Soviet move. Instead, they stressed repeatedly what they termed the common strategic and political interests of the United States and China.

Thus, they said, the best path to normalization with the United States lay in fostering a climate of mutual understanding and cooperation, particularly in the economic, scientific, and educational fields which are vital to China's modernization plans.

The delegation was informed by the Chinese leadership that the Soviet Union feared two actions by the PRC—normalization with the United States, and conclusion of a treaty of peace and friendship with Japan. As this report was written, word of a successful conclusion to the negotiations on a Sino-Japanese peace treaty was released.¹⁰

The delegation was told that the Soviet Union seeks to bring China to its knees by a policy of encirclement. Further, the Chinese warned, the United States should not be deceived by Soviet attempts to "bluff" the West into thinking that the Sino-Soviet split could be healed, so deep are the political and strategic divisions between them. Nor, said the delegation hosts, should the Soviets be allowed to bluff us into thinking that differences between China and the United States would prompt rapprochement between Moscow and Peking.

DIRECT SOVIET THREAT

Two major developments merit close study, should they continue; first, PRC leaders laid heavy stress on Soviet "encirclement" of China, and second, the Delegation was told of the threat of a major Soviet attack on China. In the past, Peking had seen Moscow as merely "operating" against China in Asia while actually preparing for all-out war against the United States and the NATO alliance. But now, China herself is publicly discussed as a possible first target for the Soviet Union.¹¹

Another subtlety with possibly broad policy implications is that no longer did the delegation hear the old 1976 refrain that war between the United States and the Soviet Union was "imminent." Instead, the Chinese urged a three-point program of being tough and confident with the Soviets as the best way to resist them.¹² If the United States followed these "three methods," war could be "postponed" for as much as 25 years, if not indefinitely.

The importance of this new line would seem to be that Chinese leaders now recognize that they need time, perhaps as much as 25 years, if they are to progress to a point of being able to compete with the flourishing economies of the West, not to mention the economic and military might of the Soviet Union.

¹⁰ Subsequent events included an announcement by Vice Premier Teng that the 1950 Sino-Soviet treaty, which included anti-Japanese references, would not be renewed upon its expiration in 1979.

¹¹ The appendix to this report includes a lengthy article by Hsu Hsiang-chien, a senior People's Liberation Army official, discussing in much harder terms the full range of Chinese strategic and military thinking, and the conflict between "socialism," "revisionism," and "imperialism." The entire document has been reproduced because of its comprehensive nature, which approaches a virtual "White Paper" on PRC theory and strategy.

¹² The delegation was urged repeatedly to support the "three methods" of resisting "Soviet expansionism." The three methods:

- (1) Make concrete preparations against war; have no illusions.
- (2) Upset all Soviet efforts at strategic deployment.
- (3) Do not adopt a policy of appeasement toward Russia.

It was also clear to the delegation that the Chinese recognize the need for U.S. cooperation, in Europe and Asia, principally, but also in Africa and the Middle East, in order to stem what they see as the tide of "Soviet expansionism." The Chinese repeatedly sketched a world map showing Soviet activity—and gains—from Cuba to Africa, up to the Middle East via South Yemen, into Afghanistan, and across to Vietnam.

Again and again, the delegation was told that the Chinese consider the policy of pursuing "détente" with the Soviet Union to be an illusion, and that the United States is actually following a policy of "appeasement." As noted by Ambassador Hao, and others, the Chinese saw no utility in the SALT talks, and even opposed "feeding the Polar Bear chocolates" in the form of increased trade and technological exchange.

THE REPUBLIC OF CHINA (TAIWAN)

While many issues were discussed, the question of Taiwan—to date, the primary question in the U.S. debate on normalization—is perhaps the key area where the delegation felt a potentially important example of the "new realism" was being applied by China's leaders.

The basic Chinese position regarding the need for U.S. adherence to the principles of the Shanghai communique, and to the "three points"—(1) ending formal recognition of the Republic of China (Taiwan); (2) abrogating the Mutual Defense Treaty between the United States and the Republic of China; and (3) withdrawing all U.S. forces from Taiwan—has not altered. However, the delegation sensed a new realism in terms of an emphasis on seeking ways to settle the Taiwan question on a strictly bilateral basis, between the Chinese themselves.

In this regard, and in contrast to 1976, the talk was not in terms of harsh rhetoric about the rulers of Taiwan, or thinly veiled hints about ultimate resorts to force. Rather, the delegation perceived a growing Chinese willingness to discuss Taiwan's future even with officials of the Kuomintang, on the basis of what were termed existing realities.

NO RANCOR

The delegation was even informed that Chiang Ching Kuo, President of the Republic of China (Taiwan), had been a "classmate" of senior PRC officials. No rancor toward Taipei's leaders was manifested on a personal level during the delegation's talks. Historical instances of KMT-Communist "cooperation" were discussed not once in passing, but were specifically raised twice, with the comment, can you rule it out a third time? In addition to these potentially favorable references to the KMT—unprecedented in any previous conversations with PRC leaders—conversations with senior Chinese officials heard repeated references to recognition of the "realities" of the U.S. involvement on Taiwan. The delegation was told that within the context of the Shanghai communique, the "modalities" of normalization were negotiable.

Linking these thoughts to the stated willingness of the Chinese to accept the so-called "Japanese Formula" of trade and economic ties, but without formal diplomatic recognition of Taiwan as the government of China, the delegation felt that a clear pattern of willingness

to discuss Taiwan with the United States was being exhibited. The striking contrast between 1976 and 1978, is that in the past, any sort of discussion on Taiwan had been ruled out on the basis that it was solely China's "internal affair."

SHIFT ON TAIWAN

That a shift has occurred would seem borne out by the fact that in the preceding 6 months, similar pronouncements had been made to other delegations.

(1) In December 1977, for example, Party Chairman Yeh Chien-ying noted that China is relying, as he put it, on the people of Taiwan to liberate themselves. While not ruling out the possible use of force, Yeh's statement would seem to move away from discussing force in any provocative way.¹³

(2) In January, Ambassador Hao told the mission led by Senator Cranston and Representative Whalen that China recognized what were termed domestic "problems" in the United States with respect to Taiwan.¹⁴

(3) In April of this year, a lead article in a Peking daily quoted the late Chou En-lai's desire for peaceful liberation of Taiwan.¹⁵

(4) Finally, the friendly tone of the conversations held by the delegation were anticipated by Chairman Yeh in May, when he greeted a visiting delegation of former American Foreign Service officers,¹⁶ and called for "peaceful and friendly cooperation between China and the United States," particularly on the normalization question.

It was within this context that the delegation heard repeated references by the Chinese to past cooperation with the Kuomintang. The historical fact was raised that twice in the past the Chinese Communist Party and the Kuomintang had come together and cooperated when it was in their common interest: First, during the time of Dr. Sun Yat Sen and the Northern Expedition against the old warlords, and also against the Japanese to achieve liberation before and during World War II.

PEACE OFFER

As observers have pointed out since the delegation's return, since 1949, the Chinese have sent several signals on willingness to negotiate the Taiwan question. One of the more explicit examples would seem to be of some potential relevance:

In 1955-56, at the height of the Eisenhower-Dulles policy of "containment" against "Red China," Peking made repeated public efforts to bring the United States to the negotiating table. Peking even offered the prospect of a treaty specifically calling for peaceful settlement of the Taiwan issue in terms of United States-China bilateral relations. Then-Secretary of State John Foster Dulles rejected the Chinese initiatives, although several talks were held in Geneva.

The language of the PRC during this period is of interest today. For example, on March 4, 1956, the Foreign Ministry in Peking issued a statement including this clause:

¹³ Yeh's remarks in a speech to the Chinese People's Political Consultative Conference on Dec. 27, 1977, were replayed in Foreign Broadcast Information Service Daily Report, People's Republic of China, Dec. 29, 1977, pp. E1-E6.

¹⁴ "The United States and the People's Republic of China," joint House-Senate report, USGPO, May 1978.

¹⁵ Kwangming Daily, Apr. 10, 1978, replayed in Foreign Broadcast Information Service Daily Report, People's Republic of China, Apr. 26, 1978, pp. E8-E12.

¹⁶ New China News Agency, May 19, 1978, replayed in Foreign Broadcast Information Service Daily Report, People's Republic of China, May 22, 1978, pp. A6-A7.

(The Chinese side) put forward as early as September, 1955, the proposal for a Sino-American Conference of Foreign Ministers to settle the question of relating and eliminating tension (between the United States and China) in the Taiwan area. *It did not oppose the American proposal for issuing an announcement of renunciation of force by both sides.* [Italic supplied.]

Three paragraphs later, the Foreign Ministry statement repeats the same theme, this time actively endorsing the U.S. position, saying,

China and the United States should settle disputes between the two countries by peaceful means without resorting to the threat or use of force, and that in order to realize this common desire, a Sino-American Conference of Foreign Ministers should be held to settle through negotiation the question of relaxing and eliminating tension in the Taiwan area. [Italic supplied.]

The Foreign Ministry statement later credits with the inspiration for this initiative then-Premier Chou En-lai. In an April 1955 speech at the Bandung Conference, Chou proposed,

that China and the United States should sit down and enter into negotiations. * * * *(the Premier) stated definitely that the aim of the negotiations should be to settle through negotiation the question of relaxing and eliminating tension in the Taiwan area.* [Italic supplied.]

In 1955-56, the Chinese were serious, it is now agreed. The possibility of a 1978 ploy on the Chinese part, is, of course, present. But the preponderance of evidence available to the delegation would seem to indicate a general pattern in line with China's historical practice. In 1955-56 the United States was China's "encircler." In 1978, the Chinese see the Soviet Union in this role. In 1955-56, the Soviet Union was even then backing off its support of China. In both 1955-56, and 1978, the response of the leadership in Peking to outside pressure has been to seek to alleviate it by improved relations with the United States. In 1978, improvement is the stated policy of the U.S. Government, and has been since the signing of the Shanghai communique in 1972.¹⁷

It goes without saying that the events of 25 years ago cannot be uncritically resurrected today. Further, in 1955-56, as in 1978, Peking was very clear on the issue of "sovereignty" over Taiwan. Premier Chou's offers were carefully couched to clearly separate United States-People's Republic of China from United States-Republic of China (Taiwan) and Peking-Taipei relations.

1978 CONTEXT

The point here is that indications of possible openings on Taiwan during the delegation's August visit—friendly references to Chiang Ching-Kuo, and talk of past cooperation with the KMT—came in the context of meeting with an official U.S. congressional delegation. While clinging to the "sovereignty" issue as a shield against specific statements on a peaceful settlement on Taiwan, the fact remains that key PRC leaders told the delegation "we will do our best to create conditions to solve this question by peaceful means." There was obvious recognition by the Chinese of the domestic United States and international "audience" which would receive the delegation's report.

EDUCATION, FOREIGN TRADE, AND DOMESTIC GROWTH

The delegation's general perception of China's "new reality" was reinforced by visits to educational facilities, cultural events and

¹⁷ For contemporary discussion of the 1955-56 Chinese offer, see "Toward Sino-American Reconciliation" by Dr. Robert G. Sutter, Johns Hopkins University Press, 1978.

institutions, and factories. At locations ranging from Peking University to a technical university in rural Shensi Province, teachers and officials repeated the same themes; that the damage done by 10 years of stagnation during the cultural revolution, and solidified by the extremes of the "Gang of Four," had set China back years in scientific and technical education and research, and seriously retarded industrial production, modernization, and economic growth.

The principal difference between 1976 and 1978 is that now the Chinese have recognized that placing ideology ahead of practice has retarded progress. They were frank in their willingness to open up to Western scientific technology and training to enhance, if not replace, Chinese technology.

TRUTH IN FACTS

This does not to imply that ideology has been abandoned. But the Chinese made it clear that a return to practice, a return to professionalism, will be the key determining factor in determining who is "red and expert." They now want to "seek truth in facts," a well-known saying of Vice Premier Teng aimed directly at what the Chinese press calls "whateverism," a wry swipe at proponents of the view that "whatever Mao said or wrote is correct."

That there is an emerging Chinese pragmatism, particularly in the field of education, would seem to be clear. In January, for example, Dr. Chou Pei-yuan, vice president of the Academy of Science and president of Peking University, told the Cranston-Whalen delegation that there would be no possibility of United States-China exchanges until after normalization.

But in March, Dr. Chou joined with Vice Premier Teng in announcing the 1985 goal of training 800,000 new research personnel. Surely it was no accident that the President's White House science advisers were in Peking at the same time as the Wolff delegation, or that Dr. Chou and other officials subsequently announced an extensive, new student exchange program.

Dr. Chou was very frank in his conversation with the delegation on the need to upgrade China's educational system from top to bottom. Clearly, the Chinese realize they cannot hope to achieve these goals without cooperation from the West.

At the university level, ranks for professors, grades for students, and entrance exams for prospective students have already been restored, although only in the past 6 months. The Chinese were open in their hopeful, if not skeptical appraisal of the benefits of the "new realism" for China's renewed progress.

The Chinese are now instituting wage incentives, restoring rank in the military, and using other methods to spur discipline, efficiency, and greater production.

It is precisely changes of this nature which were advocated by Teng Hsiao-ping and his followers prior to their purge by the "Gang of Four." The future of these changes is still not certain.

While the role of ideology and rhetoric should not be underplayed, the only rhetoric heard consistently throughout the visit was the old injunction of Chairman Mao to "Let 100 flowers bloom, let 100 schools of thought contend." This mild-sounding exhortation, if allowed to flourish, contains the seeds for a far-reaching revolution in China's administrative style and policy. The delegation was

consistently told that this old rallying call of the 1950's had been resurrected to permit constructive expression of thought and ideas in order to stimulate the progress which the Chinese frankly admit they must make. (The fate of the 1950's campaign, sometimes characterized as China's "Prague Spring," was not discussed.)

FOREIGN TRADE

The Chinese now state that foreign trade is an important part of the domestic expansion program which they have adopted for the future. Wang Jun-sheng, Vice Minister for Foreign Trade, made clear his government's desire that obstacles to export licenses for certain types of U.S. technology be removed "in the spirit of the Shanghai Communique." The Minister dismissed as "not an important problem" the longstanding issue of frozen assets, and predicted that after a 2-year decline, United States-China trade would increase this year. However, the Minister stressed repeatedly that trade restrictions exist in the form of the CoCom agreements,¹⁸ and certain export license denials on technology with potential military applications. China would look elsewhere for trade if U.S. restrictions are not lifted, he added.

U.S. TRADE MISSION

In return, the delegation suggested that the time was ripe for greater official U.S. trade consultations with China, and discussed the need for sending a trade mission equivalent to the White House science adviser's group which was in Peking at the same time as the delegation.

Subcommittee Chairman Wolff raised the possibility of joint ventures between Chinese and American companies which could employ the technology and expertise which are presently blocked by export license restrictions not necessarily aimed at China in the first place.

Minister Wang candidly stated the new Chinese policy to pursue modernization with outside help, "to learn from foreign friends," where necessary. He then added the thought, "It is certain that a powerful China will be of benefit to the United States in a threat. This is in your strategic interest."

The discussion then focused on oil exploration, and the Minister noted that "a number of U.S. companies have (recently) come to China to exchange views." It should be noted that while our delegation's conversation with the Minister was similar in tone to that held by the Cranston-Whalen mission in January; namely, that trade would have to wait for normalization—the fact was that the Chinese had spent the past 6 months seeking U.S. technology, particularly in the oil and energy field.

U.S. BUSINESSMEN

Staying in the Peking Hotel at the same time as the delegation were representatives from several major U.S. oil companies. The details of their plans for mutual cooperation with China subsequently

¹⁸ "CoCom" for "coordinating committee," is a formal procedure designed to block export of strategic technology to a Communist nation without the approval of all of the 15 members—the United States, Japan, and the NATO nations excluding Iceland. France is not a member of CoCom, and in October, a proposed \$350 million sale of antiaircraft and antitank weapons from France to the PRC was revealed.

appeared in the press.¹⁹ Of particular interest to the delegation was the indication that the Chinese were now prepared to enter into production-sharing agreements with the U.S. companies, and that the concept of profit-sharing has apparently not been ruled out.

While in Peking, delegation members and staff met informally with U.S. business executives. These conversations reinforced the perception of China's new pragmatism. The businessmen reported that 18 months ago their contact with midlevel Chinese officials had produced only generalities, and discussion of technical manuals or prototypes.

But this year, said the businessmen, the same midlevel officials were authorized to engage in price negotiations on packages of equipment with potential sales in the millions of dollars.

The businessmen reported discussions involving agricultural training programs in which U.S. technicians would be supplied for a fee, and in what may represent a major shift from past policy, the Chinese indicated an appreciation of cost and profit centers in negotiating with the foreign companies.

In the delegation's meeting with Vice Foreign Trade Minister Wang, the Minister said that since the signing of the Shanghai communique in 1972, China's policy has been to develop trade "on the basis of equality and mutual benefit." Conceding that the "Gang of Four" hindered implementation of this policy, Minister Wang said "we have now entered into a new epoch of construction, and we have a greater need to develop international trade and to expand trade. We need to import commodities in large quantities, and at the same time we need to increase our exports."

Citing "consumer goods" and "light industrial products" as immediate possibilities, Minister Wang added "* * * some minerals and metals. Also, if we develop our oil production, we could possibly supply some oil to you."

It seemed to some members of the delegation that China had embarked on a policy of using oil exploration as a pilot project in cooperation with foreign business firms, as well as international financial institutions.

In the interval since our mission, the trends we perceived have solidified into a solid stream of hard policy being implemented by Peking, ranging from oil and arms deals, to massive tourist hotel projects.

SUPPLEMENTAL STATEMENT OF REPRESENTATIVE L. H. FOUNTAIN

While I am in general agreement with the recommendations of the delegation, I want to take this opportunity also to reaffirm my long-standing interest in maintaining cordial relations with our historic friend and ally, the Republic of China. As I have stated on past occasions, I favor continued diplomatic recognition of the Republic of China and preservation of the Mutual Defense Treaty. I oppose sacrificing Taiwan as the price of achieving normalization with Peking, and hope that it will be possible to move toward full diplomatic relations with the PRC without impairing our historical friendship with the ROC.

¹⁹ Washington Post article "China's Oil" by Hobart Rowen, Aug. 11, 1978.

CONVERSATIONS WITH PRC OFFICIALS

MEETING WITH SENIOR PRC OFFICIALS INCLUDING VICE PREMIER TENG HSIAO-PING, VICE FOREIGN MINISTER WANG HAI-JUN, AND AMBASSADOR HAO TEH-CHING, PEKING, GREAT HALL OF THE PEOPLE, SUNDAY, JULY 9, 1978, 10 A.M.

The 1-hour-and-45-minute conference opened with Chairman Wolff and Vice Premier Teng discussing the 1976 visit to Peking by Mr. Wolff and Representative Burke, and the differences between that visit and the present.

On the Chinese side, the thought was expressed that such visits were useful and that an exchange of views, even where they differed, was important. "Mutual understanding between us is better than no understanding at all," commented one participant.

The cordial nature of the delegation's discussions were reflected in an exchange between Chairman Wolff, Representative Rangel, and the Chinese officials present. One official commented on his own military experience, and noted that delegation members had also seen military service.

Representative Rangel said "Some of us prefer to forget our military experience, such as in Korea." The response, amid laughter, came back, "You should not forget completely." Representative Rangel, noting he had been wounded and sent back to the United States shortly after reaching the Yalu River, said "Completely forgetting is impossible." The Chinese response, bantering in nature, was "It is better to forget certain matters like the advance of U.S. troops to the Yalu River. These matters are better to forget. But," the reply took on an earnest tone, "the military question is still a very real one."

Discussion moved swiftly to the military situation in Asia, and a discussion of the two administration visits to Peking, that of Secretary Vance in August 1977, and National Security Adviser Brzezinski in 1978.

RECENT VISITS

Representative Wolff said "We came here to help find ways and means of how we, as nations and people, can come together. I think there are more areas we can agree upon than there are areas of disagreements." Turning to the issue of PRC criticism of Secretary Vance following post-mission reports of Chinese flexibility on the Taiwan question, Representative Wolff noted that Mr. Brzezinski's visit produced no such negative appraisal on the part of the PRC. "Do you think that the Brzezinski visit represented progress in our relations which exceeded that of the visit by Secretary Vance? What are the areas we can pursue more closely as a result of our trip?"

During the discussion of these questions, the Chinese side expressed the view that the results of both the Vance and Brzezinski visits were the same in terms of the U.S. commitment to normalization within the framework of the Shanghai communique. The thought was expressed that normalization depends on efforts by both sides. The only area of disagreement from Secretary Vance's visit was described by Chinese officials as stemming from statements on "flexibility" regarding the principles of the Shanghai communique. These statements, according to the Chinese, were "incorrect."

The only difference between China and the United States, the conversation indicated, was the question of Taiwan. While the officials indicated that the firm Peking position on sovereignty remains China's policy, the comment was made that despite the difficulties of the Taiwan question, it remains a question which can be "talked out" between China and the United States.

SOVIET UNION

The discussion shifted to the interests seen by the Chinese as common in United States-China relations, specifically, coordinating action to meet the challenge of the Soviet Union. "I believe we as well as you will have a more active attitude toward settling the question of normalization of relations. There is a need for this because there are compelling circumstances," commented one official.

The Chinese officials indicated that the Soviet Union constitutes the compelling issue in United States-People's Republic of China pursuit of normalization. Soviet activity in Africa, the Middle East, the subcontinent and in Southeast Asia was mentioned as posing a common threat to both Chinese and United States interests.

The Chinese indicated that conversations with Dr. Brzezinski and Secretary Vance had discussed this view.

The then-pending Treaty of Peace and Friendship between China and Japan was noted as a key part of the anti-Soviet effort. Normalization with the United States was jointly mentioned as an important step in this regard.

It was noted that Foreign Minister Huang Hua had intended to discuss these issues with President Carter at the United Nations earlier this year. The officials indicated that they had planned to stress that they see normalization primarily as a political issue, rather than a question of diplomacy. The normalization question must be handled "in light of the overall international situation and in a strategic perspective," the Chinese indicated.

The comment was made that despite the areas of agreement explored in the Vance-Brzezinski visits, and the mutual desire for progress toward normalization, "there was no substantial result of these visits."

NORMALIZATION

Representative Wolff asked, "I wonder if you could tell us how you distinguish between the 'political' and 'diplomatic'; does it mean that we can proceed immediately to political normalization, and allow diplomatic normalization to proceed at its own pace?"

The Chinese replied that they wanted the United States "to take actual action" on normalization, but did not specifically respond to

the difference between "politics" and "diplomacy," other than to say that "in diplomacy there is a lot of empty talk." They said that they saw "action" as the key to differentiating political from diplomatic activity, but did not indicate whether they saw political normalization as being separable from diplomatic normalization.

Representative Wolff noted the apparent contradiction raised by the fact that both China and the United States have full diplomatic relations with the Soviet Union, but not with each other. Further, the paradox is deepened by the fact that both China and the United States share the Soviet Union as a common adversary.

In reply, the idea was raised that the two actions "the Russians fear the most are normalization between China and the United States, and successful conclusion to the Chinese-Japanese Treaty of Peace and Friendship. They are doing their utmost to obstruct these two things." On Taiwan, the discussion repeated the consistent theme that "there is no room for flexibility" on the principle of Chinese sovereignty, but added the contention that the "specific modalities" of the Taiwan question can be matters for United States-Chinese consultation. "The only obstacle between us is the issue of Taiwan."

Representative Wolf indicated that the discussion was following the line already agreed upon in the Shanghai communique regarding "internal affairs," and asked the officials if they had any comment on the realistic application of the so-called "Japanese Formula" to any projected U.S. relationship with Taiwan after normalization with Peking. He also indicated that many Americans feel the "Japanese Formula" does not really cover the reality of U.S. interests in Taiwan.

In the discussion which followed, the Chinese officials indicated that they felt the "Japanese Formula" represented a major concession by them in terms of the sovereignty issue, but that it was a concession they were willing to make in light of the common interest in meeting the Soviet threat. "If you look at the question from the political and strategic point of view, it is in the great interest of us both in dealing with the Soviet Union if we can normalize relations," an official said.

TAIWAN CONTACTS

Representative de la Garza then asked if "there is any effort being made by your government, aside from the question of relations with the United States, any effort of a non-military nature to unify Taiwan with the mainland? Do you have any direct contacts with the people of Taiwan?"

In the discussion which followed, Chinese officials indicated that "so far there are no official contacts," but that longstanding personal or private acquaintanceships exist. "In fact," said one official, "Chiang Ching-kuo was my classmate."

Representative de la Garza followed with the question "Wouldn't it be easier if brothers on Taiwan and on the Mainland could get together themselves and not depend on the attitude of the United States?"

Discussion of this question centered on two points: The historical fact was raised that twice in the past the Kuomintang and the Communist Party had cooperated, first under Dr. Sun Yat-sen against the northern warlords, and second against the Japanese in World War II. "Since there has already been cooperation with the Kuomintang twice, can you rule it out the third time?", replied one official.

ROLE OF THE UNITED STATES

The second major point raised during the discussion of Mr. de la Garza's query centered on the role of the United States in the Taiwan question. "We have often said to Americans that in our efforts to reunify the Motherland, we will respect realities, and that we can be flexible in the means of settlement. In this context, I am sure that it will be possible to find a settlement satisfactory to all," commented an official.

Representative Fountain discussed the nature of the U.S. system of checks and balances between the executive and the legislative branches, adding that both branches represent the American people. "I hope you understand that while we are moving toward normalization, we would like to move at the same time in other areas such as the exchange of visits. You said that the one thing 'the Polar Bear' feared most was normalization. What would be the impact on Russia of normalization between the United States and the People's Republic of China, and signing of a treaty of mutual friendship and solidarity between us?"

In the discussion which followed, it was indicated that the Chinese feel that normalization would cause the Soviet Union to move more cautiously in world affairs. The official added the thought that "if relations between our two countries are normalized the Soviet Union must be more cautious strategically."

"The formalities of normalization are not important, whether to have a treaty or not. The realities of normalization will speak loudly." However, the officials indicated, China had no desire to be "played" as an anti-Soviet pawn. The Soviet interest was seen as separating China from the United States so as to allow Russia to deal separately with Europe, Japan, and the United States.

SOVIET BLUFF

In this regard, the officials indicated that the possibility of Sino-Soviet reconciliation was simply a "bluff" on the part of the Soviets, and that the United States should be on guard in the wake of heightened Soviet activity in Afghanistan and Vietnam. In particular, it was indicated, the Soviet's suggested "collective security" plan for Asia is a tipoff to their intentions. The Chinese indicated their feeling that the nations of South East Asia, particularly the ASEAN economic grouping, were wary of this Soviet activity, and that they shared the Chinese perception of Vietnam as a stalking horse for the Soviet Union.

In enlarging on this theme, discussion indicated that the Chinese perceive the Soviet activity, particularly in Asia, as part of an "encirclement" campaign aimed at them. However, the officials indicated confidence that any such encirclement could be broken. A warning to the United States was added, particularly regarding what the officials saw as increased Soviet military activity within Vietnam.

VIETNAM

Representative Wolff noted that Vietnam represented a potential threat to the region, as well as to China.

In the discussion which followed, the Chinese indicated they view Vietnam, "the Cuba of the East," as a potential threat to more than

just Southeast Asia, because of the Soviets' worldwide activity and plans and Vietnam's strategic position. Regarding the current crisis in Chinese-Vietnamese relations, it was indicated that the Chinese officials felt their country had shown great restraint prior to the eventual breakdown. "Only after Vietnam took 10 steps, when it was taking the 11th step, then China began to take its first step."

TAIWAN'S FUTURE

Mr. Burke brought the discussion back to the question of Taiwan: "I accept the fact that both countries are interested in normalization of relations. I would like to ask three questions: First, if the Taiwan question remains unresolved, how long will it be before you take action to reunify Taiwan with China? Second, if we withdraw our troops, what is the future for the anti-PRC people who live on Taiwan? Third, if we withdraw our commitments, wouldn't the anti-PRC people negotiate with the Soviet Union, and thus create an even greater problem for all of us than if we negotiate normalization of relations, and work out our differences later?"

In the discussion which followed, the commitment of the PRC to the "three conditions" was restated, as was the history of two past instances of cooperation between the Communist Party and Kuomintang. Also restated was the recognition by the PRC of the "realities" of the Taiwan question. "We believe that we Chinese can find a way to realize reunification of the island. In seeking ways to solve the question we will face realities."

Discussion of the issue of Chinese renunciation of the use of force repeated the impossibility of such a commitment, from the Peking standpoint, because of the sovereignty issue. The added thought was raised that, paradoxically, such a commitment might actually make a peaceful settlement more difficult. On China's part, it was said, "we cannot undertake any commitment as to how to achieve the liberation of Taiwan, but we will do our best to create conditions to solve this question by peaceful means."

JET FIGHTER SALE

In this regard, officials indicated pleasure at what they interpreted to be a U.S. decision not to sell sophisticated jet-fighters to Taiwan. The thought was raised that such a sale could inhibit development of peaceful conditions which might lead to a settlement.¹ "If such action (sales) is taken, it will obstruct reunification negotiations and settlement by peaceful means. If peaceful means are impossible, then armed force will have to be used."

On the possibility of Soviet intervention on Taiwan, the consensus was that normalization under the "Japanese Formula," whereby nongovernmental relations between Taiwan and the United States are maintained, would preclude Soviet entry into the equation even assuming the KMT reversed its historical anti-Communist policies. The thought was added that Chinese leaders doubted the United States would oppose the use of force by the PRC in the event of what was termed "a Soviet presence on Taiwan."

¹ It should be noted that no statement was made concerning third-party sales to the ROC, nor did the discussion cover any weapons other than the jets. On Oct. 24, it was announced that President Carter had rejected an ROC request for advanced fighter planes. The ROC had previously indicated unwillingness to accept Israeli Kfir jets as a substitute for the F-5-G, and had been pressing for sales of F-4's, and other sophisticated jets to replace the present force in the 1980's. (Associated Press item in Baltimore Sun, Oct. 25, 1978.)

Mr. Guyer concluded the conversation with the thought that; "We have been very impressed with the vitality of the Chinese people and their spirit of unity. It will be a tragedy if we do not find a way to bridge the gap between us and to cement our relations because I think we both have a great future."

TRANSCRIPTS OF CONVERSATIONS

The following three conversations between the delegation and officials of the People's Republic of China were "on the record." Tape recordings, still and motion picture film, and extensive notes by CODEL staff members Palmer and Nelson were taken throughout the meetings. The following transcripts, while unofficial, represent as accurately as possible the complete conversations held by the delegation in Peking.

MEETING WITH HAO TEH-CHING, PRESIDENT OF THE CHINESE PEOPLE'S INSTITUTE OF FOREIGN AFFAIRS, JULY 7, 4 P.M., AT THE PEOPLE'S INSTITUTE

Ambassador HAO. We met before in the United States. Do you remember the question you asked me at that time?

Representative WOLFF. If you remember, then you have a very good memory! Thank you for inviting us to China. There have been many changes since my last visit. My question to you during your visit to the United States was related to this. The purpose of our visit is to find ways and means not to negotiate (we are not negotiators), but to make progress in normalization based on our committee's shared responsibility with the Executive for matters dealing with normalization.

Ambassador HAO. We can exchange opinions. You are the representatives of the people and therefore, like me, a commoner. Chinese Communists are all interested in politics and discussion of policies. Let us discuss questions of mutual interest. I have a question for you. Is the arrogance of the "Polar Bear" in carrying out expansion becoming more restrained or more rampant? Why is he so aggressive, carrying out expansion from the Red Sea to the Horn of Africa, from North Africa to South Africa, from Europe to Asia—everywhere becoming more rampant? What do you think?

WORLD DOMINATION

Representative WOLFF. This has been a continued plan of the Russians for a long time—to seek world domination, China and the United States as well. I think however, it is a misconception spread by the press to say that the United States is not remaining strong in its determination to stop Soviet expansion. Sometimes there are press stories related to individual weapons systems that some Members of Congress have opposed, but our determination to continue to remain strong against our adversaries is evidenced by the fact that we have here members of both the "liberal" and "conservative" elements of Congress. As a result of our difficulties with Vietnam, the United States takes the position of not wanting to interfere in the internal affairs of other nations, just like the position China has taken for a long time. We are well aware that the Soviets are now moving into new areas.

They have been in the Middle East for a long time. Now they are in Afghanistan and South Yemen openly. They are also in Angola, where they use the Cubans as surrogates.

Ambassador HAO. Also Ethiopia.

Representative WOLFF. And Vietnam.

Ambassador HAO. You are right.

Representative WOLFF. So they are moving all over the world and we now face a common adversary. I would like to ask the other members to comment.

Representative DE LA GARZA. I have my own opinion why the Russians are in so many places, but I wonder if the President would give his opinion to see if they match.

Ambassador HAO. About the Russians?

Representative DE LA GARZA. Yes.

Ambassador HAO. The "Polar Bear" has a wild ambition to expand outward and dominate the world. This was decided a long time ago and will not change. We have known this for a long time. He has a big appetite but lacks strength so he invariably displays one characteristic: He bullies the weak but fears the tough. If you wage struggle with him he is restrained but if you connive with him, his arrogance soars. Now he uses Western Europe as a focus and carries on unbridled expansion throughout the world. Recently, after succeeding in Ethiopia, the Soviet Union has continued its interference in the Arab Peninsula. Where next? Perhaps the Persian Gulf, the Red Sea area and southern Africa are the most dangerous. It has also stepped up expansion in Asia. This was manifested recently in Vietnam. Vietnam wants to be a small superpower.

First it wants to dominate Indochina, then all of Southeast Asia. A small superpower needs to find its supporter. The superpower and the small superpower share the same design, so they work together to seize Southeast Asia. In this way they can block the sealanes in the Western Pacific and encircle China from south to north.

Representative WOLFF. Including the Indian Ocean.

CHINESE IN VIETNAM

Ambassador HAO. Of course. Just now I mentioned the essence of the matter. Its manifestation is in the persecution and ostracism of the Chinese residents (of Vietnam). In this way, Vietnam wishes to curry favor with the superpower. So recently, some friends have said that Vietnam is the Cuba of Asia. Now there are so many Cubas. One is in Latin America, one in Asia. Now I am afraid there may be one in the Arab Peninsula—South Yemen. So I say the present international situation is very tense. Some people talk of détente. I don't see even its shadow. I say get rid of "Détente!"

Representative WOLFF. We no longer use the word.

Ambassador HAO. Just now you said some of the press underrate your strength. We say the United States has powerful economic and military strength. In the present world there are only two countries capable of fighting a world war. How can China fight a world war? Only you and Russia can. So we don't underrate your strength. Please do not have any misconception on that. But with your powerful strength you can only play your proper role when guided by a correct policy and correct principles. Otherwise, your strength cannot play its

proper role. I mean that in deciding on a policy toward the Polar Bear you should not be afraid. If you are not afraid you will not adopt policies which show fear of it. If you are afraid, unrealistic delusions may crop up in your mind. I mean when you adopt an approach in which you first of all try not to irritate the Polar Bear. Second, the Polar Bear is fond of chocolates. You supply it with advanced technology and trade to pacify it. Also you try to get concessions from it by making big concessions. In the final analysis, fear will make you adopt an appeasement policy which will lead to serious consequences, and your powerful strength will play no role. That is my opinion.

Representative WOLFF. We are not dealing on the basis of fear. Make no mistake about that. It may sometimes appear that way because we use methods which try to avoid war, but it is not based on fear.

CARTER SPEECH

Representative DE LA GARZA. Our ideas basically coincide. I agree with the chairman. I am sure you are aware of President Carter's recent speech in Annapolis.

Representative FOUNTAIN. I'd like to echo Congressman Wolff's remarks. I think your comments reflect some of your concerns about what we have said and what our President has done. About 2 years ago I sat in the Shah of Iran's office for about 1½ hours. He expressed concerns similar to yours. He said that United States is the last bastion of freedom left on the Earth, the only one strong enough to defend the free world by taking strong positions against the Polar Bear, not necessarily by fighting. I agree with him. I come from a section of the United States which produced our President. He is a softspoken southern gentleman who is attempting to handle both domestic and international problems. Some of his statements and some of the positions taken in SALT negotiations may have left the impression that we in the United States are not concerned about the Polar Bear. But the majority of Americans and a majority in the Congress understand Soviet expansionism. I assure you that we are determined to keep ourselves militarily strong enough to prevent the Polar Bear from taking over the world, even if we sometimes speak softly. Notwithstanding these appearances, there is a recognition that Russia and the United States have enough nuclear power to destroy each other, and we have a desire to prevent the outbreak of war. When the President said to the Russians that it is either cooperation or confrontation, he spoke for the American people, and he meant what he said.

Ambassador HAO. With respect to the concern about U.S. attitudes toward the Soviet Union, the Shah's concern is not accidental or unique. Many Western European countries share that concern. You know this better than I. One should judge whether or not a policy is correct, not by words but by actions.

"POLAR BEAR"

Representative WOLFF. We know the "Polar Bear's" embrace can sometimes love you to death.

Representative RANGEL. If in the course of American efforts to top

Russian expansion, this leads to military confrontation, to what extent could we count on the help of our friends in the PRC?

Ambassador HAO. I think that surely you would not be isolated. The Polar Bear is not only the most dangerous enemy of the United States but is also the most dangerous enemy of China, Western Europe, Japan, and the entire Third World. This is not the time for the United States to anticipate how to act in the time of war. We should take effective measures so the Polar Bear will be afraid to launch a world war and will not launch it. We must postpone such a war. There are three methods:

First, make concrete preparations against war. One should not have unrealistic illusions.

Second, wherever the Polar Bear is engaged in strategic deployments you must find every means to upset it.

Third, don't adopt an appeasement policy in the face of your people or of the people of the world.

Then the people of your country and the whole world will be mentally prepared. Only by adopting these three methods can we insure that the Polar Bear won't treat you lightly and launch a world war. If it launches one, the people of the world will defeat it quickly. If we do not adopt these three methods the danger of war will approach. We Chinese adopt these three methods. Of course, you know we are a developing country; that is, we are a poor country. But although we are poor, we are not afraid because we adopt these three methods.

U.S. BASES

Representative WOLFF. I served at the United Nations and you have been an ambassador. During the course of your U.N. session, China has many times joined the Third World countries, often led by Cuba, in opposing U.S. bases in many parts of the world. This goes against our joint interest. You said that we should use actions to oppose the Soviet Union. I want to give you an example. There are questions on, for example, Diego Garcia and our bases on Guam, as well as our troop deployments in Asia. If China supports our efforts in maintaining strong positions throughout the world, then these (your delegation's) U.N. actions are opposed to your position. As an example, there is the Guam "Resolution." Even though the people of Guam want the United States to remain, the resolution says that the United States should withdraw its troops, and this resolution was proposed by Cuba. In view of Soviet efforts to move into various areas of the world such as the Indian Ocean, the Pacific and Korea, has there been any change in Chinese policy, or is there a possibility of working together on these matters?

Ambassador HAO. I would cite your relations with Japan as an example. You have a security treaty and you have military bases. Since the Japanese are willing to let you stay and since you wish to stay, we do not wish to comment. Another example: You have 300,000 troops in Western Europe, and you have military bases there. You have organized NATO. Since you are willing and they are willing, we don't want to comment. Concerning your troops in South Korea, the people of North Korea do not agree to their presence there. In

South Korea, only President Park Chung Hee agrees, not the people. So we support North Korea. The United States should withdraw all its troops and equipment from Korea and let the people of Korea decide.

CAMBODIA

REPRESENTATIVE WOLFF. What is the present situation in Cambodia?

AMBASSADOR HAO. We believe that the 6 million people of Cambodia will not submit to the 50 million Vietnamese.

Representative WOLFF. Do you think they can stand up to Vietnam without outside help?

Ambassador HAO. The Cambodians can stand up. They are not isolated because they have the support of the people of the world. It is an unjust cause for Vietnam to invade Cambodia while it is a just cause for Cambodia to fight against invasion, and thus they will gain the sympathy of the world. In the end they will succeed.

Representative WOLFF. We are attempting to help the refugees from Cambodia and Vietnam. We are trying to get Asian countries to take them and we are also accepting quite a few ourselves. Can we cooperate on this question?

Ambassador HAO. We have not considered this.

Representative WOLFF. Is there something we can consider?

Ambassador HAO. We don't want to now.

Representative WOLFF. When Congressman Burke and I were here 2 years ago and spoke to Chang Chun-Chiao, we talked about the possibility of the sale of military equipment to your government. He replied there was no interest on his government's side. What is your position now?

Ambassador HAO. Is it the policy of your government to sell this type of equipment to us?

Representative WOLFF. I am just asking if there might be the possibility that your country has an interest?

Ambassador HAO. Some years ago we wanted to buy computers with a capability of 10 million bits. The businessmen wanted to sell it, but your government would not approve the sale. You say that you want to sell military equipment to us, but aren't you afraid of irritating the "Polar Bear?"

MILITARY EQUIPMENT

Representative WOLFF. Perhaps there has been a misinterpretation. I asked whether China was interested now in military equipment. As to the question of computers, I believe that as our relations change there will be a greater possibility of making such sales.

Representative FOUNTAIN. We won't sell it to the Russians.

Ambassador HAO. Now if you want to sell this type of computer, we won't buy it because we can make them. We don't have 100-million-bit computers but we don't need the first type. It seems that it benefited us that you didn't sell it because we can now produce it ourselves.

Representative WOLFF. Then we, by inaction, provided cooperation, but we have advanced beyond that.

Ambassador HAO. Thank you.

Representative DE LA GARZA. I would like to say something. We spoke of the Polar Bear, of how they come into countries for aggressive purposes, sometimes through the Cubans. But 10-12 years ago, I visited Africa and I saw China helping Africa, not promoting aggression. An example was in Tanzania where you were helping build a railroad. I would like to remind you of this and commend you because of what I saw.

Ambassador HAO. Thank you for your commendation.

Representative RANGEL. When I was a young man I had the opportunity to find myself in the northern part of North Korea. Thanks for making it possible for me to make a speedy return to the United States. [Laughter.]

Ambassador HAO. Did you reach the Yalu River?

Representative RANGEL. Yes; but only for a very short time. [Laughter.]

Representative WOLFF. You say the people of South Korea don't want us. That is not true. That is not what they tell us. The North Korean people may not want us, but North Korea was brought into the war by the Russians.

Ambassador HAO. You say the South Koreans want you to be there. Your information comes from Park Chung Hee. Our information comes from the people. Our sources are different so our views are different.

Representative WOLFF. That doesn't cover Guam. And what about Vietnam? We were there; now the Russians use Vietnam to threaten the peace of Southeast Asia.

Ambassador HAO. It is true that it threatens the peace of Southeast Asia. There are three elements there: Southeast Asia, the United States, and China. Is it frightening? It is not.

Representative WOLFF. It is bad but not frightening.

Ambassador HAO. It is not so serious but we must deal with it.

Representative WOLFF. We have talked about our differences. Let's talk about how we can work together. How can we get together on such matters as trade, economics, and military affairs?

Ambassador HAO. The Shanghai communique opened a new chapter in the relationship between our two countries. It has expanded contacts between our peoples. For example, you are now in China. Could you have come 6 years ago? You wouldn't have gotten visas. Now you want to come, we want you, and you are here. There are also trade relations between our two countries. Also cultural relations, scientific and technological contacts. The problem is that after 6 years, our relations are still not normalized. If normalization had been achieved, relations would develop even faster. Since there is no normalization, the development of our relations is necessarily affected. Didn't you ask last year whether we could just develop trade and put aside normalization? Do you remember?

Representative WOLFF. Why did I ask the question?

Ambassador HAO. I don't know.

Representative WOLFF. Because I understand that you were the hardest liner on Taiwan. [Laughter.]

ACTIONS IN VIETNAM

Representative WINN. You have suggested that the United States should try to upset the Polar Bear around the world. Are you yourselves trying to upset the Polar Bear by your actions in Vietnam in the last few days?

Ambassador HAO. Of course. Wherever it takes action we exert our efforts to upset it. Since you are in Peking, you can see from broadcasts and newspapers that the struggle is intense. Who do we fight? On the surface we are struggling against the small hegemonist power, Vietnam, but in reality we are struggling against the big hegemonist power.

Representative WINN. Would you like the United States to help you upset the Polar Bear around the world even without normalization?

Ambassador HAO. We don't need that. Each of us can act according to our own way. We do ours and you do yours. There is a Chinese saying that different paths lead to the same goal. By taking different roads our actions in essence are coordinated. Take the second Zaire invasion as an example. In the first invasion the United States did nothing. In the second one you did something; we did more and the invasion was defeated.

Representative WOLFF. The relations between our two countries should not be based solely on the existence of a common adversary, but also on a common mutual interest in world peace.

Ambassador HAO. We share your aspiration. If relations are normalized there will be more opportunities for this.

Representative WOLFF. Thank you for giving us the opportunity to visit China and to meet you. Do the other members have any more questions?

SOVIET BUILDUP

Representative BURKE. Last time I was here your leaders said that there was a similarity between the Soviet buildup and what Hitler did. Like Hitler, the Soviets would eventually have to commit troops to Eastern Europe and then to attack all of Europe. One of your ambassadors overseas also recently said the same thing. Do you have similar views? Will the use of troops in Europe occur, and if so, when?

Ambassador HAO. At present the Soviet strategic focus is in Western Europe, because Western Europe is an area with powerful military strength; it is also an area with a high level of science and technology and occupies an important strategic position in the world. So in order to dominate the whole world they must first seize Western Europe. The Soviet Union has concentrated its troops in Eastern Europe and in the European part of Russia and has trained them in Western Europe. Although three-quarters of its troops are in Europe, the time is not ripe for world war. It uses its troops for bullying and sows dissension in order to force U.S. troops out of Europe. In this way it can win without a fight. At the same time it also carries out strategic deployments in North Africa, the Middle East, and Africa in order to encircle Western Europe from the flanks. Imagine when it seizes strategic materials from Africa and the Middle East, especially oil, and cuts off searoutes, it will then be easy to seize Western Europe. That is its strategic design. Some people say it is aimed at the East.

We say no. It pretends to be about to fight in the East. It feints to the East but attacks in the West. It wants to divert attention. It is not possible to succeed in the East. Also the East does not carry the strategic significance of the West. Will it launch a war against Western Europe soon? The factors for war are growing, but war is not likely to break out in the next 3 to 5 years. It is difficult to say after that. It will depend on the efforts of all of us. It is possible to postpone it for 20-25 years. We Chinese are peace-loving. We don't want to fight wars. But it is not up to us. We are not Moscow's Chief of General Staff. We must beware of this danger.

Representative FOUNTAIN. In view of this situation what do you think the United States ought to do?

Ambassador HAO. You ought to apply the three methods which I mentioned earlier: To make preparations against war; to attempt to upset Soviet strategic deployments; and to bury your appeasement policy.

UNSETTLED QUESTIONS

REPRESENTATIVE WOLFF. I have one final point: There are a number of unsettled questions on the China boundary. Some islands are in dispute; the question of Hong Kong is not pursued very actively because the situation is satisfactory to your country. We haven't spoken of Taiwan today. Isn't there a similarity here? Is this not another boundary question?

AMBASSADOR HAO. You switched the subject. Do you have any ideas on Taiwan?

REPRESENTATIVE WOLFF. I would like to find a way to talk about boundary questions. I think that perhaps Taiwan can be placed in a boundary context, rather than the way it has been treated before.

AMBASSADOR HAO. I don't want to discuss it as a boundary question. Taiwan is Chinese territory. Even though we explore this question today in a friendly atmosphere I'm afraid we might get emotionally excited, but since we are old friends I would like to say that you owe us a debt. I don't mean those of a century ago. We don't want to settle those. We are looking toward the future. But now we are in the 1970's and you are still interfering in the internal affairs of China. You don't respect our sovereignty. Don't you owe us a debt? We don't want to settle old debts, but on Taiwan it is more beneficial to the United States to settle it sooner, rather than later; faster, rather than slower. We think that the five principles of coexistence should guide international relations. This was recognized by both sides in the Shanghai communique. By this principle, who owes whom debts? Of course you owe us. Take the first principle. It says that one should respect sovereignty and territorial integrity. You enjoy territorial integrity; we do not. The second principle is mutual nonaggression. Does China have troops in the United States? No, but you have them in our country. The third principle is noninterference in the internal affairs of others. Taiwan is ours and you are interfering in our internal affairs. Some people even try to create "Two Chinas." So we are not going to settle old accounts but you are incurring new debts. The more you incur them the worse it is. I said the same thing at the breakfast meeting in the House of Representatives and at lunch in the Senate.

REPRESENTATIVE WOLFF. I recall.

AMBASSADOR HAO. Our two peoples are friendly to one another. The Chinese people are friendly to the United States, and in my own experience the American people are friendly to China. In my opinion the American people's view is that normalization can be realized very quickly. In the international world, the earlier the normalization of our relations, the better. This will be more beneficial to you than to us. I want to stop here. I don't want to settle accounts between us since 1848.

VISITS AND DISCUSSIONS

REPRESENTATIVE FOUNTAIN. I have one observation. I am not familiar with the computer problem you mentioned. Maybe we made a mistake. It is like when we turned down Nasser on the Aswan Dam. Now Egypt knows the true nature of the Soviet Union and so do other countries in that area. I think that on normalization, we can further this by promoting other types of relations. The process can be continued through more visits and discussions such as this. I know the Chinese are a proud people and do not want to ask, but if there is something that China needs, you should ask us. Maybe not that computer, but something else. I agree—I think the American people are friendly to China.

Representative GUYER. I would like to invite you and your colleagues to visit the United States.

Ambassador HAO. Thank you. I will go there when there is an opportunity.

Representative GUYER. Perhaps we should convey that to our Government and work out an invitation.

Ambassador HAO. Not the Government. I am just a common citizen.

Representative GUYER. Our subcommittee might work out an invitation.

REPRESENTATIVE WOLFF. Thank you, Mr. Ambassador.

MEETING WITH WANG JUN-SHENG, VICE MINISTER FOR FOREIGN TRADE, MINISTRY OF FOREIGN TRADE, JULY 7, 1978, 9 A.M.

After exchanging opening pleasantries, Congressman Wolff began the conversation by noting that both countries had a common objective to work together to promote closer cooperation between our two countries.

Minister WANG. I am delighted to meet all of you and to have this opportunity to discuss matters of mutual interest. I believe this is your second visit to China?

Representative WOLFF. Yes, for me and for Congressman Burke.

Minister WANG. Since it is your second visit you now have a better understanding of conditions in China.

Representative WOLFF. Yes, you can say I am an old friend of China.

Minister WANG. Friends who visit us several times we consider old friends, but even those who come here for the first time are friends because they have made a contribution to mutual understanding.

TRADE QUESTIONS

Representative WOLFF. I believe it is important to strengthen our relationships so that we can move toward normalization, especially in the trade areas. That is why we requested a meeting with you today, to discuss problems which exist between our two countries and to see how we can help to solve them. In some areas there are still difficulties that stand in the way of increased trade. One of these is the question of frozen assets. I would like to ask what progress can be made in solving this question? I believe that until this question is cleared up it will be difficult for both countries to conclude such agreements as aviation agreements, banking arrangements, and other matters.

Minister WANG. The question of frozen assets is not an important problem. Both our governments have already exchanged views on this question in the past few years. We do not think it will be difficult to solve. In previous years, trade between our two countries has reached a fairly high level, then in some years it has dropped. This year it will be up again. Lack of normalization affects the level of trade and the export controls imposed by your country also affect the development of trade. Sometimes our groups sign contracts but your government authorities do not approve the export licenses.

Representative RANGEL. What areas in particular do you have in mind?

Minister WANG. I think you are very clear about this. One example is in the field of electronics.

Representative WOLFF. Electronics and computers.

Minister WANG. Also when we want to import a company plant, sometimes there is one component in this plant whose export is not allowed. This then affects the whole sale.

Representative RANGEL. Specifically what type of components have you found this to be a problem with?

TRADE CONTRACTS

Minister WANG. It occurs not only in electronics but also in other areas. This is a manmade obstacle to trade.

Representative RANGEL. In America, business and government operate on two different levels. We Members of Congress would like to find ways of removing these obstacles. It would be helpful if you could tell us what types of difficulties you have so that we could try to make it easier to develop trade between our two countries.

Minister WANG. We hope that the U.S. Government will provide facilities for trade with China in the spirit of the Shanghai communique. Whenever we sign contracts to import goods from America, American authorities should approve these exports. You should export what commodities you can.

Representative WOLFF. One obstacle in the past has been export licenses for highly sophisticated electronic equipment and components. With changing circumstances I think there is a greater opportunity to lift some of these restrictions so that we can be helpful to each other.

Minister WANG. The U.S. Government has set obstacles not only on goods produced in the United States but also on some from other countries.

Representative WOLFF. You mean licensing?

Minister WANG. The American Government creates obstacles under the provisions of the so-called CoCom. CoCom is difficult for us to understand.

Representative WOLFF. This was originally an effort to see that sophisticated technology was restricted to our closest allies. We are now moving toward a policy of friendlier trade which will lead to lifting controls on a wide variety of items. This question should be discussed at the highest levels between officials who understand these problems. Discussion should be not only with businessmen but also high-level trade negotiators. Perhaps we ought to recommend that Robert Strauss come here, since there is now a high-level American science mission in Peking. There should also be a trade mission to discuss these difficulties.

REMOVAL OF OBSTACLES

Minister WANG. In order to solve this problem one should take the Shanghai communique as a basis. As long as both sides follow the provisions of the Shanghai communique, trade can develop. We would like to see the removal of those obstacles which stand in the way of trade. Efforts of the business community have already helped to remove some of these.

Representative WOLFF. You mean the Deadalus case?

Minister WANG. Yes; but the export was delayed, which caused us difficulties. Sometimes a business signs a contract but we are not sure whether your Government will approve. Some U.S. trade organizations invite us to visit the United States for a technical exchange, but the U.S. Government then does not approve the export of that technology to China.

Representative WOLFF. We should explain to you that these provisions are not directed against China. The American policy is to restrict certain types of equipment and prohibit export of these types to all countries.

Representative BURKE. For security reasons.

STATE VISITS

Representative WINN. Since we are talking about trade missions I would like to say that I hope that in the future, Chinese trade missions to the United States could include a visit to Kansas, my home State, because it is the center of food production. They should also go to Oklahoma and Texas, which are neighboring States, in order to look into oil production. I think both of these missions could accomplish quite a bit, and I would like to extend an invitation for a mission to visit Kansas.

Representative WOLFF. Concerning oil exploration, I wonder if the Government of the PRC is interested in joint ventures with American companies using high technology and American expertise as a method of getting around the export license problem?

Minister WANG. I have often heard that the United States practices export controls because of security reasons but our import of American technology will not affect your security. If you think it will, you overestimate our ability.

Representative RANGEL. Tell them these are not directed against China.

Representative WOLFF. I'd like to reiterate that these controls are not meant directly against China. They are part of a worldwide policy of our Government. We are now changing our relationships with the PRC as a result of our policy on moving toward normalization.

OBSTACLES TO TRADE

Minister WANG. We hope you will continue to make efforts and that the U.S. Government will act to remove these obstacles to trade. In our policy of striving to achieve the four modernizations, we rely mainly on our own efforts but for the most advanced technology, this comes mainly from imports. It is certain that a powerful China will be of benefit to the United States in a threat. This is in your strategic interest. As for oil exploration, a number of U.S. companies have come to China to exchange views on this and others will follow. This proves that we are interested in exchanging views on matters of mutual interest.

Representative FOUNTAIN. Some export controls are prompted by complaints from other countries who are afraid of U.S. exports flooding their markets. We also occasionally have this fear; for instance, in the field of textile imports. This is where someone like Bob Strauss can help through negotiations by equalizing these problems. I would like to refer to a document I just received from the National Council on United States-China trade which presents a comprehensive picture of China's 10-year plan and of the prospects of the China market. It talks about the Chinese economy and your economic plans and is encouraging to those of us who wish to trade with China. Its conclusion is as follows, and I am paraphrasing:

A HUGE MARKET

China represents a huge market. It is following a pragmatic policy toward foreign trade questions. There is a great opportunity but U.S. companies are not trying hard enough. Most of our exports to the PRC are still agricultural. U.S. firms must be more aggressive in seeking to sell to China. Some, for instance, hear that they have competition from a Japanese company and simply give up. Normalization will help in the development of our trade with China but there are many things short of normalization which can be done and American firms will have to work harder in order to increase our trade.

Would you care to comment on this document?

Minister WANG. The Council has given you a true picture of China. Trade will develop in order to help develop our national economy. Since our relations with the United States are not yet normalized there are still some obstacles but this does not mean that we cannot develop trade. Recently we signed a long-term trade agreement with Japan. We also have a trade agreement with the Common Market. Both of these will be conducive to the development of our foreign trade. From our side we can import a number of commodities from the United States, mainly industrial. This does not, of course, exclude the possibility of some agricultural imports.

Representative WOLFF. Isn't this a change in your position?

Minister WANG. No, our policy is unchanged. We have consistently stood for the development of trade on the basis of equality and mutual benefit. As a result of the signing of the Shanghai communique in 1972 we have developed trade with the United States in the spirit of that communique. Of course, in recent years we have been pre-occupied with domestic developments and particularly during the Cultural Revolution we stressed the problems we have at home. The Cultural Revolution won some achievements but it was eventually sabotaged by the Gang of Four. They also sabotaged our relations with other countries and thus affected some implementation of our consistent policy. Since the smashing of the Gang of Four we are now able to apply more smoothly our consistent policy but that policy has not changed. We now just act on it better. We have now entered into a new epoch of construction and we have a greater need to develop international trade and to expand trade. We need to import commodities in large quantities and at the same time we need to increase our exports.

CHINA EXPORTS

Representative WOLFF. What types of exports can you send to the United States?

Minister WANG. There are quite a number of things. For instance, items of daily use, consumer goods, light industrial products and some minerals and metals. Also, if we develop our oil production we could possibly supply some oil to you.

Representative WOLFF. That's very important.

Representative DE LA GARZA. You seem very concerned about advanced technology but as far as I know, the only controls we have are on three things: military items, computers with dual civilian-military use, and nuclear equipment. Other technology such as medical technology, agricultural machinery, and so forth, are not controlled; only those three items.

Minister WANG. It is very difficult to distinguish between military and civilian use. For example, we can import grain and if the people eat it it is civilian. If the army eats it then it is military.

Representative DE LA GARZA. That is not the problem. There is no control over any but those three items.

Representative WOLFF. But there is sometimes some question over the ultimate use of equipment like trucks and aircraft.

Representative GUYER. I think there are certain ideological goals that our two countries could share, not only trade. There are positions we could agree upon. As for trade, I wonder if we could have a list of some areas where you could invite companies to come to China to help out like you have with Pullman. My congressional district has a great deal of agribusiness. If we could have an invitation list to take home to our people this could speed up the process of the development of trade.

Minister WANG. We share your desire to develop trade with the United States. We hope we can remove the obstacles in the way of trade. We also hope that visits between our two countries will be more frequent than they have been before. In the future we will speed this process up.

Representative WOLFF. Do you feel it would be possible to have an exchange of landing rights for airlines in each country so as to help increase visits?

Minister WANG. This will be difficult because of the lack of normalization. We do not preclude the possibility of individual planes coming to our country or going to yours. For instance, you came here on an American plane but this could not be a regularly scheduled service.

COOPERATION

Representative WOLFF. I want to thank you for receiving us. I think our visit here served a useful purpose. Our wish is to increase the possibilities of cooperation between our countries in all fields. Most of the members of this delegation are on the International Relations Committee and we include chairmen of individual subcommittees. Mr. Rangel is also on the Ways and Means Committee which deals with the question of "most favored nation." We proposed to do what we can to advance normalization. The question of political normalization must go through the committee as well as through the Executive. We share authority with the Executive and our objective is to seek means to advance the process of normalization. We think this will be in the best interest of both countries.

Minister WANG. I am very happy to have been able to exchange views with our American friends. This will contribute to advancing mutual understanding. I think that the development of relations between our two countries is in the interest of our two peoples. It is better for you to come to China to see things with your own eyes. Some views may not be acceptable to the other side but we do have some points in common. For instance, both sides desire to develop trade and both sides wish to remove obstacles to trade. We are willing to develop trade and if there are obstacles they must be removed. If they are not then we will go ahead and develop our trade with other countries because we will be forced to do so. We hope that you will use your influence to work toward improving our relations.

INCREASED VISITS

Representative FOUNTAIN. We also hope that in the future representatives of China will come to the United States to talk to people engaged in trade and get a clearer picture of our side. I note that your leaders have recently been traveling more and I hope that some of them come to the United States. Your leaders could gain better understanding of those problems and help to resolve these obstacles. In fact, the United States does not have very many restrictions on foreign trade.

Minister WANG. Quite a few of us have gone to the United States already. Most have been specialists but they included some senior officials. We hope to increase this type of visit.

Representative WOLFF. I hope that as a result of this trip and knowing more about some of these problems and your desires that we in Congress can eliminate some of the obstacles to trade between our two countries.

MEETING WITH DR. CHOU PEI-YUAN, VICE PRESIDENT, ACADEMY OF SCIENCES; PRESIDENT, PEKING UNIVERSITY (AT ACADEMY OF SCIENCES) JULY 8, 1978—9:30 A.M.

[Following introductions.]

Representative WOLFF. Congressman Winn from Kansas is not only a member of the International Relations Committee, but is one of the ranking members of the Committee on Science and Technology of the Congress.

Before, when I first came to Congress, I was a member of the Science and Technology Committee. And Mr. Winn also serves on the Space Science and Application Subcommittee.

Dr. CHOU. We welcome Congressmen who are doing political work as well as Congressmen doing scientific work. To use our way of saying things, the science and technology in our country serve the needs of proletariat politics. By politics we mean we must build the socialism, we must criticize the Gang of Four and we must pursue the philosophy of Marxism, Leninism, and Mao Tse-tung's thought to guide our work, so science and technology cannot be separated from politics and philosophy. So if you have any questions in this respect, we will be glad to answer.

SCIENTIFIC MEETINGS

Representative WINN. I would like to ask the professor what part, if any, he is playing in the meetings with our scientific advisers?

Dr. CHOU. Dr. Frank Press is an old friend of mine. The first time he visited China in 1973, he led a seismological delegation. I was working in Peking University. I received him there. In 1975, a delegation of the Scientific and Technical Association visited the United States. It was received by Prof. Frank Press and also the Academic Exchange Committee. You see Frank Press was the head of the Committee on Scholarly Communications with the People's Republic of China. There were 14 others—we were staying with different scientists of the United States. I had the privilege of staying with Prof. Frank Press in Boston.

Representative WINN. Have you seen Frank Press and his group since they've been here?

Dr. CHOU. Yes; I had the honor of greeting him at the airport when he arrived in Peking. I also attended the banquet given by Comrade Fung Li, Chairman of the Scientific and Technical Commission of China.

Representative WINN. Can you give us your opinion of how the scientific talks are going between the PRC and the United States at the present time?

Dr. CHOU. I didn't join these discussions. I am doing scientific work at the moment and the delegation led by Professor Press is invited by the Scientific and Technical Commission. On the Chinese side, the discussion is presided by the Scientific and Technical Commission. Of course there are some leaders of the different scientific departments who also take part. From the academy, some other comrades are taking part in the discussion, so I am not joining them.

Representative WINN. Can the Professor tell us, if he would, what scientific work he's involved in at the present time?

Dr. CHOU. Recently, theoretical physics; in the past I was involved

in general relativity. For many years I've been involved in the study of fluid mechanics. I came to Peking University only very recently. I came to the Science Academy very recently.

Representative WINN. Lester Wolff and I formerly served as members of the Science and Astronautics Committee, the Space Committee. But 4 years ago we changed the name to the Science and Technology Committee. And at the present time, half of our jurisdiction deals with energy, that's where the technology comes in. Instead of the astronautics, we still have the space program.

SCIENTIFIC DEVELOPMENT

Dr. CHOU. I think I can give you a brief introduction about the development of China's science and technology of the future, in the near future. Just now, you talk about the space science, and we are also attaching great attention to this subject. This year, the 5th National People's Congress was held, and at that Congress the general task for the new period was decided. That is, we should realize the four modernizations by the end of the century. The four modernizations are: industry, agriculture, science and technology, and national defense. After the completion of the 5th National People's Congress, the National Science Conference was held, about 6,000 people took part in the conference. At the National Science Conference, we discussed the important thing, that is the plan for the years 1978-1985, for the development of science and technology in 8 years. We have set some goals in a plan. By 1985, we need to build a contingent of 800,000 scientific and technological research workers. According to our knowledge (this knowledge may not be correct) there are 1.2 million scientific and technological research workers in the United States. Since you're working on the Science and Technology Committee, you may tell us whether this is correct or not.

Representative WOLFF. It depends entirely upon how you interpret science and technology; whether you're talking about pure scientists or applied scientists.

Dr. CHOU. If you count these together?

Representative WOLFF. It is very difficult to say because so much of the research in applied science is being done by individual firms rather than by the Government itself. Therefore it is hard for us to make any assessment of the numbers, but I would say that your figures are perhaps very conservative in the amount. There are more today in applied technology for example. We have a great number of people working in that area which would expand that figure many times.

NUMBER OF SCIENTISTS

Dr. CHOU. We have a pretty accurate figure of the numbers of Ph. D.'s who are trained in science, engineering, and medicine. It is a fairly good estimate. But still, there are many people working in industry who do not have a Ph. D. According to our information, the Soviet Union has 900,000 research workers. Even if we have trained 820,000 research workers by 1985, we are still lagging far behind, compared with you, because you have only a population of 200 million while we have a population of 800 million.

Representative WINN. What about the facilities to train that many people?

Dr. CHOU. Now we have better industrial bases than we had in the early days after our liberation. And our Government is going to make big investments with regards to facilities. We are going to supply the main universities with more equipment.

Representative WOLFF. When I visited here in 1975, I went to Peking University. At the time there was a question as to whether or not the political activity overshadowed the scientific. We have always had a great question in our own country of academic freedom; how does the situation stand today? I know that in your opening comment you did make the relationship between politics and science. Yet to operate most efficiently in the scientific field you have to have the freedom to develop your techniques and the application of those techniques.

Dr. CHOU. In which month did you go to the Peking University in 1976?

Representative WOLFF. April.

CURRENT PROGRAMS

Dr. CHOU. It was a dark period for the Peking University at that time. It was under the rule of the Gang of Four. Because at that time the Gang of Four was on the loose. It was attacking the party relentlessly. The Gang of Four wanted to seize the stage and party in power. It used Peking University for the bridgehead. By a bridgehead, I mean they used the Peking University and also the Ching Y University. They set up a joint criticism group from both universities and used this group as a basis to propagate the public opinion they had prepared: Anti-party, anti-Mao Tse-tung, anti-Chairman Mao's revolutionary line public opinion. The criticism group of Ching Y and Peking University confused the minds of the people, which was very serious. With regard to the academic freedom mentioned by Mr. Wolff, I would like to comment on it later. In our plan for the development of science and technology we are also going to fulfill our task in the 27 spheres and we are going to undertake more than 100 programs. The 27 spheres include the basic science and also applied science. Among the over 100 programs, 8 programs are vital. They have a vital bearing on the development of our national economy. The 8 programs are: (1) The research of agriculture; (2) material science; (3) energy; (4) computer science and technology; (5) space science and technology; (6) laser; (7) high energy of physics; and (8) genetic engineering.

The science and technology of space is listed as one of the major programs in the near future. We can also divide these eight programs into different groups. I think agriculture, materials, and energies have vital values on the national economy. Another three programs are advanced technology. They are the electrocomputers, laser, and space science and technology. The remaining two, that is the high energy physics and genetic engineering, are basic sciences. You can see that we have a comprehensive plan for the development of science and technology. After the plan is drawn, the scientific and technical organizations, also the universities and schools of higher learning, the enterprises and also the local scientific and technical organizations undertake the task and they are trying every method to fulfill our plan.

RESEARCH INSTITUTES

In our country we have research institutes which belong to the Science Academy. Then we have research institutes and research groups which belong to the university and institutes of higher learning. We have research institutes attached to the various ministries of production, like agriculture, machinery and so forth. Then we have research institutes which belong to the provincial governments, like Peking, the city of Peking, the city of Shanghai, and also the provinces. You see all these are a network, so far as scientific research is concerned, it's under the leadership of the State Commission for Scientific Research.

Representative WINN. It still is a very ambitious program.

Dr. CHOU. It is. This isn't the first time we drew up a plan. Actually, in 1956, we drew a 12-year plan for the years 1956-67, under the direct leadership of the late Chairman Mao. We fulfilled this plan 5 years ahead of schedule, in 1962. That was the first plan for the development of science and technology in China's history, for a country which has 600 million people.

With regard to academic freedom we are acting according to the principles made up by Chairman Mao. That is "let 100 flowers bloom and 100 schools of thought contend." After the plan is drawn, we don't mean we will carry it to the letter. When a situation changes and when there is a need to make alterations these will be allowed. Because we can't know everything at the moment. We must enhance understanding through practice.

ENERGY POTENTIAL

Representative WINN. Would the professor care to touch a little bit on the direction China is going on the energy problem?

Dr. CHOU. Of course, I'm engaged in the basic science research. I'm not very familiar with this subject, but I will give you my opinions.

Representative WINN. According to the information we have received, China has reached petroleum, coal, water resources, and water power.

Dr. CHOU. Our American friends know a lot about our petroleum resources because much has been quoted about the reserves in China and we're not very clear about it. We have already set high goals for ourselves. We are going to build 10 major oilfields.

I think we have rich petroleum fields and our friends know this. I think we have natural oil resources and the Japanese industrialists are very much interested in it because they import oil from the Arab Peninsula.

Representative WOLFF. So do we.

Dr. CHOU. So there is a wide prospect for trade in this respect. Of course we will make economical use of the oil resources, we will not waste the resources.

Representative WOLFF. One of the points I think is quite important in all of the exploitation of fossil fuel is that these are exhaustible supplies; they are not inexhaustible, and they can be used up. I noticed you did not mention any work in solar energy or nuclear and the like. Nuclear energy is exhaustible unless you use a breeder reactor which produces its own fuel. The importance, it seems to me, is that you

have the attributes of a desert (which is something nobody considers an attribute) and you get a lot of sun. Combining work with us in space and the utilization of your desert to farm energy seems to me to be a field for the future that China could establish great leadership in.

Dr. CHOU. Of course with these fossil oils and fuels, for instance the petro and the coal, we should make economic use of these resources. If you waste them, they would be exhausted very quickly. According to my knowledge, I think in China we've not yet developed the private ownership of automobiles. We are going to develop public transportation facilities.

Just now you mentioned solar energy, there is also thermoenergy.

Our country is also researching this subject. For instance, the Research Institute of Physics is undertaking this subject—plasma physics and thermonuclear control and fusion energy.

WATER POWER RESOURCES

We attach great importance to these subjects and we are going to explore the water power resources. We have been talking about building a reservoir in the gorge of the Yangtze River. We have been making studies for over 20 years. I myself attended water conservation conferences twice, in 1958 and 1959. If a dike is built on the gorge of the Yangtze, 30-40 million kilowatts of electricity can be produced. After the construction is completed there, a manmade "Mediterranean Sea" will be created in China. And the climate in that area will be changed. Also navigation and fishing are involved in this respect. So many aspects are involved, we have been undertaking this study for many years.

Representative WOLFF. One of my first exposures, some 14 years ago, in the Science and Technology Committee was experimental work in what we called "moving the weather"—of moving the climatology from one area to another.

You did mention genetic engineering. I'm wondering why the emphasis on genetic engineering? What is the ultimate purpose?

GENETIC ENGINEERING

Dr. CHOU. Genetic engineering will play a very favorable role in the development of our agricultural production. It will improve the strains. About the energy problem, I would like to add one more word. Although China has rich energy resources, we still need to develop energy. We are still in great need of energy. In the countryside, we are still lacking many fuels. In the country we are now using natural gas for fuel which can produce electricity.

Representative WOLFF. We have of recent years been doing the same as you know. In fact, today we have almost a greater need for natural gas than we do have for oil.

Dr. CHOU. We have very much enjoyed our discussion, but since time is limited, may we stop here?

Representative WOLFF. One final point. Do you foresee mutual cooperation in the scientific area where we can profit from your activity in research and development and you can profit from ours?

Dr. CHOU. Yes; the Chinese people very much support scientific exchanges. This is the very first item listed in the Shanghai communique, and we have made some progress in this in the past 2 years.

We have some limits at the moment because there is no normalization of relations between our two countries. But if relations are normalized between our countries, then we can make bigger strides. I agree with you that exchanges are beneficial to both sides. The machinations of the Gang of Four unfortunately widened the gap between our two countries, so we welcome you now.

Representative WOLFF. Thank you, Dr. Chou.

THE ITINERARY

A complete listing of the delegation's itinerary is presented as the first item in the appendix. The purpose of this section will be to discuss briefly some of the highlights of the itinerary, and to note some of the themes currently motivating China which the itinerary seemed to illustrate.

Each of the cities visited—Shanghai, Peking, Sian, and Canton—provided the Delegation with a varied “mix” of Chinese industry, culture, and social activity in what might be termed “post-Gang of Four” China. If there was a predominant theme in virtually every stop we made, it was the difference between life under the “Gang of Four,” and during the Cultural Revolution, and what things were like—and likely to be—under Premier Hua and Vice Premier Teng Hsiao-ping.

SHANGHAI

The first 3 days were spent in Shanghai, one of China's most Westernized cities, built originally as a trading port for the Europeans, and retaining a physical veneer of modernity, vintage 1935. As befits a major city, the people of Shanghai moved with the bustle of their compatriots in any society, on any continent.

Four events in Shanghai stand out: The visit to the Shanghai general Petrochemical Complex, a tour of the Shanghai Dance Institute, the “July 1” commune, and a concert by the Shanghai Philharmonic Orchestra.

While the petrochemical complex might at first glance seem the key to understanding China's modernization program, the cultural aspects of the dance institute and the concert also played an important part in the tapestry woven by our 10 days in the People's Republic. All three had this in common—their activities have been greatly affected by the shift in power.

Petrochemical Complex Director Kung Chao-juan made clear China's interest in Western involvement in development, and in Japan's role in developing the complex to its present state. Equally, however, the director was proud of the work by ordinary Chinese in constructing the basic site. Prior to the fall of the “Gang of Four,” only the theme of self-reliance would have been discussed—rather than the contributions of Japan, and the need for future foreign involvement. The delegation received the standard tour; briefing by the director and his colleagues, a walkthrough of a section of the plant and its production line, a visit to the kindergarten for worker's children, typical worker's housing where we talked with a “model family,” and a stop at the complex hospital for a talk with doctors and staff—and, of course, an acupuncture demonstration.

The importance of the tour was that the delegation could see first hand what China considers to be a prototype for its petrochemical development, and for industrial complexes in the years ahead. An immediate impression of the delegation was that standards of environmental protection for workers needed to be greatly increased. Raw, unfiltered acrylic fibers floated free throughout the plant, and a steady ingestion of such particles will surely lead to severe health complications in a few years. This was discussed frankly with the medical staff of the hospital, who said they were aware of the potential, and were testing workers on a regular basis.

But the petrochemical complex, and for the same reasons, the "July 1" Commune, were basically what the delegation expected to see—and was expected to see by its hosts. In this respect, the itinerary differed only in location from that of most other congressional visits before, during, or after the "Gang of Four."

CULTURE

The visits to the Dance Institute, to the Yu Gardens, and the Philharmonic were of a different order, however. At these three stops, arranged at the delegation's request, our hosts made clear to us that what we were seeing would have been impossible just 18 months earlier. The gardens had been closed to all but senior cadres. The Philharmonic could never had played the Western pieces (New World Symphony, among others) nor many of the Chinese works we heard. And the Dance Institute drama students performed a scene from the play, "The Dying Tree Comes to Life," banned by the leader of the "Gang of Four" Mao's widow, Chiang Ching.

These cultural events, and the history of the recent years conveyed by individuals at each visit, brought home to us a sense of the pervasive and paralyzing influence of rigid adherence to strict ideology developed during the Cultural Revolution, taken to its logical extreme by the "Gang," and which is now being rapidly undone by Premier Hua and Vice Premier Teng.

Our hosts seemed to be showing us that if the petrochemical complex, and the "July 1" Commune, are to play their role in modernizing and feeding China, then the intellectual flexibility and creativeness symbolized by the young dancers, writers, and actors must likewise be harnessed. It was particularly on such occasions as the visit to the institute that the theme of "Let 100 flowers bloom, let 100 schools of thought contend" was cited as the new rallying cry for China's renewed development plans.

PEKING

In Peking, the importance of the delegation's talks with Vice Premier Teng and his associates obviously formed the major highlights of the mission to the People's Republic of China. But in Peking as well, the cultural messages members had been almost subconsciously absorbing continued.

Again, the delegation was taken to an area closed under the "Gang of Four" and reserved only for senior cadres—Pei Hai Park—now thronging with ordinary Chinese citizens. Similarly, a musical performance, this time a vocal concert at the Nationalities Palace of

Culture, featured artists, and music, banned by Chiang Ching and her supporters.

Some of the cultural activities remained constant with China of any period, of course. No amount of ideology could prevent the Chinese or foreign friend alike from being impressed by the Great Wall, nor moved by the great human effort the Wall represents. Similarly, the Forbidden City preaches the message that the conspicuous wealth of China's pre-20th century rulers stemmed from the strength of the people—a message which both Chiang Ching and Teng Hsiao-ping would agree upon.

TUNNEL

Two events in Peking stand out for their symbolic value, however. The first, more mundane, was the by now standard visit to an underground air raid shelter, perhaps "the" underground shelter, since no foreign visitor has ever been taken to any in Peking but the Ta Sha Lan Street shelter under the tailor shop.¹ There, Mr. Kao, Chairman of the Air Defense Works of the area, explained how the series of cold, damp and still unequipped or stocked tunnels had been dug, starting in 1969, by volunteer labor by the residents of the street.²

Members expressed doubt that the tunnel complex, presumably a prototype for similar tunnels throughout Peking and other Chinese cities, could actually withstand nuclear attack, or a sustained siege. Mr. Kao made the interesting point that the tunnel systems have been specifically designed to safeguard local populations for 1 or 2 days in the initial stages of an emergency, then to facilitate their evacuation to the countryside.

Whether or not the tunnel system could actually withstand an attack did not seem to be as important as the simple fact of the tunnel's existence within the context of the Chinese foreign policy line. At least on Ta Sha Lan Street, the message was loud and clear: "We are preparing, we are taking action to defend ourselves."

Another example of the hard work of the Chinese people being melded with a message—this time a message as close to the spiritual one is likely to find in China—came on the delegation's Sunday morning visit to the tomb of Chairman Mao.

Mao lies in state in a huge building itself dwarfed by Tienanmen Square in Peking, site of the riots following Chou En-lai's death which led to Teng Hsiao-ping's purge by the "Gang of Four." Visitors and ordinary Chinese alike join separate but very long lines to enter the building, which greatly resembles the Kennedy Center in Washington. Entering the large receiving chamber, the stream of visitors divides to pass through doors on either side of a massive statue of Mao seated in a pose familiar to Americans from the Lincoln Memorial in Washington. Chairman Mao's remains lie in a glass coffin in the center of the main chamber, a velvet rope separating the uniformed honor guard from the viewers passing steadily by. Mao is dressed in a light grey tunic, with the flag of his nation draped over his legs and lower torso. The atmosphere in the huge room is quiet, respectful, even reverential. It is a moving experience.

¹ During Representative Wolff's 1976 mission, the delegation made an onsite inspection of an extensive tunnel complex in Dairen, Manchuria, near the Sino-Soviet border.

² By implication, the Chinese confirm suspicions that the tunnel program has not been as vigorously pursued as the Ta Sha Lan tour might indicate. In the defense "white paper" in the appendix, the author urges a renewed tunnel digging effort to create a modern "Underground Great Wall."

Viewing the physical proof of Mao's passing brought home to the delegation that fact the while the late Chairman's picture remains ubiquitous, he now shares billing with Premier Hua whose face also gazes down from the wall of every school and meeting room. Further, the "little red book" was no longer in evidence, except under glass in the hotel souvenir shops.

While in Peking, an important stop was the delegation visit with Chou Pei-yuan, President of Peking University, and an afternoon visit to the University itself. The delegation also toured a rural technical university in Sian, and discussion of the university visits will be combined at the close of this section.

SIAN

Sian, the major city of Shensi Province, and site of the assembly plant for the British Spey jet engine, seemed a rural and dusty back country place after the cosmopolitan bustle of Shanghai and Peking. While the people still looked adequately housed, clothed, and fed, they and their area seemed very much closer to the earth than their more eastern cousins. They were also clearly more surprised to see foreign visitors, and at once more friendly and more shy than the people of cities more often on the foreigner's itinerary.

The visit to the Big Goose Pagoda, and the now world famous archeological dig at the tomb of China's first emperor, the builder of the Great Wall, Ch'in Shih Huang Ti, had the same theme as similar sites throughout the People's Republic: it was through the hard work, skill, and wisdom of the people that such treasures were gathered, and such wonders constructed, they survive as monuments to the Chinese people. The site of the Emperor's tomb is presently filled-in while the Chinese construct a building (large enough to enclose several football fields) over the estimated 6,000 ceramic warriors still guarding whatever remains of the body and treasure of the man who first unified China 2,200 years ago.

A relatively more recent cultural monument, reaching back only several hundred years, also had a modern message for the delegation, and that was the hot baths of the Dowager Empress. The famous "Sian Incident," where the Kuomintang's internal rivalries produced the kidnapping at the baths of Chiang Kai-shek by one of his own generals, is faithfully retold by Communist hosts. Experts in the delegation noted some slight historical editing, but the fact remained that after Chiang was detained, the KMT and the Communist Party joined in a more vigorous prosecution of the war against the invading Japanese.

CANTON

The delegation only spent an afternoon and evening in Canton, but was able to tour the old waterfront area, site of the preliberation European "concessions." As our hosts stressed, Canton's importance to the modernization of China is underlined by the trade fairs held during the year—fairs which even the "Gang of Four" did not halt—at which Chinese economic and industrial experts and officials mingle with representatives of Western and Japanese enterprises.

PEKING UNIVERSITY AND CHIAOTUNG UNIVERSITY, SIAN

The visits to these two universities have been saved for last in this brief survey of the itinerary because the importance of education in China's quest for modernization deserves the extended treatment which foreign policy and other modernization factors receive in sections following this.

PEKING UNIVERSITY

Prior to visiting the campus of Peking University, the delegation met with university president Dr. Chou Pei-yuan, who greeted the members in his dual capacity as Vice Chairman of the Academy of Sciences.

Dr. Chou stressed the difficult times recently ended with the fall of the "Gang of Four," and went into some detail on how the life of the scientific and academic community had been disrupted during the entire period of the Cultural Revolution. Under the new leadership of Premier Hua and Vice Premier Teng, however, Dr. Chou expressed confidence that modernization plans would go forward

GOALS

Crucial to China's goal will be development of 800,000 new "scientific workers" by 1985, Dr. Chou said. (The Soviet Union now has some 900,000 such workers, and the United States 1.2 million, he said.) The Maoist injunction of "Let 100 flowers bloom. Let 100 schools of thought contend" would be the guiding rhetorical principle of the increased and improved research programs now being instituted. However, Dr. Chou said, primary emphasis will be on projects with immediate use to the agricultural and industrial community, rather than on more esoteric subjects.

As an example of the scope of programs China is developing, Dr. Chou mentioned the Yangtze River irrigation project under consideration for 20 years. The Yangtze project is so vast that the man-made lake which would be created by it was compared to the Mediterranean Sea by Dr. Chou. He said its size would be sufficient to produce actual climatological changes, as well as changes in the physical environment and local wildlife and fish population.

The visit to the Peking University campus was hosted by Professor Chang Lung-hsiang, a biochemist, several staff members, and a group of English language students. The students noted that English is now the primary "second language" being taught, rather than Russian.

Professor Chang gave the delegation an introduction similar in tone to that of Dr. Chou earlier in the day, stressing the difficulties imposed by the "Gang of Four" and the Cultural Revolution on the university as an institution, on the professors and the students.

PROGRAM

Now the university is engaged in a rebuilding program, and has defined its tasks into four major areas:

- (1) Improve the quality of education. This will be accomplished through reinstitution of the entrance examination, as well as strengthening the theoretical side of instruction in basic sciences and increasing lab work.

(2) Strengthen scientific research in the university. In connection with this, a 3-year graduate study program has been restored.

(3) Mobilize the teachers' initiative by applying the party's policy toward intellectuals. As an example, professorial titles have been restored.

(4) Administration is to be a combination of the party's leadership and the University President's responsibility.

Professor Chang said that at present there are 2,800 teachers and staff and 6,400 students. Next fall, student enrollment will increase to over 8,000. It will rise to about 10,000 in 3 or 4 years, and eventually to 20,000. There will be 350-400 graduate students by late 1978. The number of day students is currently 200, and may be increased. There are over 160 foreign students from 36 countries, most of whom come to China under bilateral exchange agreements.

The curriculum consists of a required course of study for the first 3 years, with electives possible in the 4th year. All students, regardless of field of study, must take courses in philosophy, political economy, the history of the Chinese Communist Party, and a foreign language, which is usually English. Physical education is taken for 2 years. Each year a student will spend about 1 month in industrial work, agriculture, or military training—stints in all three are normally accomplished during a 4-year course of study.

Asked if any courses had been introduced or reintroduced into the curriculum since the fall of the "Gang of Four," one professor said there were many such courses, but named only psychology.

Asked about the present view of Confucius, Professor Chang answered that he had been "a reactionary." Another professor, however, broke in to explain that while Confucius' thinking had been reactionary, there were many who held that he had made contributions in education and culture. This professor noted that the whole question was currently being discussed.³

Professor Chang was asked what, if anything, was being done about the many college graduates from the postcultural revolution era whose educational qualifications were deficient. He replied that many educational qualifications were deficient. He replied that many measures were being taken. Those now on Peking University's teaching staff, for instance, are given only light teaching loads and are given the opportunity to restudy. Remedial English classes are stressed. Also, more of these graduates have been hired by the university in recent months.

Given an opportunity to ask questions, one professor asked how the United States had managed to accommodate the large increase in student enrollment after World War II. It appeared the Chinese felt they were faced with the same task.

CHIAOTUNG UNIVERSITY

The delegation visited Sian's Chiaotung University on July 11. Our host was Chuang Li-ting, vice president of the university. He explained that his school was an offshoot of Shanghai's Nanyang University,

³ The exchange was noteworthy as an illustration of the difficulty even very sophisticated Chinese must have had following the latest "line" handed down under the "Gang of Four," or during the Cultural Revolution. Criticism of Confucius was begun as a way of criticizing Chou En-lai, Teng Hsiao-ping's patron, and a would-be modernizer. Thus today, the criticism of Confucius implies criticism of Teng.

which had later had its name changed to Chiaotung. Part of it was moved to Sian in 1956. A polytechnic university, it has departments of mechanical engineering, electrical engineering, radio engineering and power engineering. It is one of the 88 "key" universities under the direct authority of the Ministry of Education.

The school has a library of 900,000 volumes, which was in heavy use on the day of our visit, since it was the week before final exams.

The university has 1,400 teachers and 3,400 students, down from the precultural revolution student peak of 8,000. The present plan is to increase enrollment by 1,000 a year until total enrollment reaches 10,000. Of last year's intake of 1,000 new students, about half were from Shensi Province and half from elsewhere.

APPLICANTS

In Shensi Province, 200,000 applicants took last year's college entrance examination. Of these, only a little over 10,000 succeeded in gaining admission to some university.

Professor Chuang mentioned that it was still possible to enter the university without taking the examination. For instance, someone in his thirties, too old to qualify for the examination, might gain entry by writing a type of dissertation to prove his intellectual abilities.

The graduate student program at Chiaotung is just beginning. The school will take in about 100 such students this year. Admission is through a series of examinations, administered directly by the university.

Professor Chuang mentioned that the size of many classes was rather large, because they were being taught by the most experienced teachers. In previous years there had been a sort of "track" system, since the backgrounds of the students were very uneven and some could study faster than others. Now that enrollment is based on standard examinations, Chuang felt that such a system may no longer be necessary. Language instruction, however, still required differing levels of courses.

Professor Chuang stated that most of the teachers had been trained before the cultural revolution, had a good academic background, but were now growing old. They also feel they have not been able to keep up their scholastic credentials in the past 12 years. The university is now providing teaching assistants to the older professors to ease their load. Supplementary training is being given to teachers of the middle generation. There is a particular emphasis on language training, since Russian is the most common foreign language among the older generation and there is a need for competence in English, Japanese, German, and French.

MODERNIZATION

In addition to these problems, Professor Chuang mentioned that two areas where improvements were needed were the modernization of facilities and reform of the education system itself. The school's electronic instruments, computers, and so on, were all old and largely out of date, and needed to be replaced or supplemented. While he did not explain what he meant by educational reform, he stated that

they were currently studying foreign models to see how they might organize themselves differently. One thought, for instance, was that they should reduce the number of specialties offered at the school.

There are presently no foreign teachers at the university. They would be interested in visiting American professors, however. In fact, this question has already been proposed to the Ministry of Education, which is responsible for such arrangements.

In a subsequent private conversation with one of the university officials, Congressman Winn asked what was the advantage for the United States if we started student exchanges with Chinese universities. The official replied that the Chinese were not really interested in student exchanges as such, but in getting U.S. professors to teach in China.

The delegation noted, however, that university officials in both Peking and Sian were much more open in discussing the possibilities of cooperation with, and learning from, foreign countries than had been the case on previous visits, as indicated by the official mission reports. As this report was in preparation, the United States and the Peoples' Republic of China announced a student exchange program which will send 500 Chinese students to the United States as the first part of what may eventually be a 20,000 student "delegation" throughout the West, with 5,000 to the United States, and 2,000 to Japan and Britain.⁴

⁴ Article "Replacing a Lost Generation" by Melinda Liu, *Far Eastern Economic Review*, Sept. 15, 1978.

SUPPLEMENTARY ANALYSES

PRC FOREIGN POLICY

While experts may differ on the degree to which China's domestic policies reflect concern over the Soviet Union, the Soviet basis for China's foreign policy is clear. The delegation was repeatedly told that combating what the Chinese see as the worldwide aggressive aims of the U.S.S.R. must be the common foreign policy aim of the PRC, the United States and our various friends and allies.

RECENT INITIATIVES

In recent months, Chinese foreign policy initiatives and accomplishments include:

(1) Premier Hua Kuo-feng's tour along the southern border of the Soviet Union, with stops in Romania, a Warsaw Pact member, Yugoslavia, long at odds with Moscow as a "nonaligned" Communist nation, and Iran, an arch-foe of Soviet aims in the oil-rich Middle East, and on the subcontinent.

(2) Signing of the Sino-Japanese Treaty of Peace and Friendship in several months of concentrated effort, after 6 years of difficult talks. The treaty includes the clause demanded by China opposing "hegemonism," the code word for Soviet influence in Asia and elsewhere.

(3) The announcement by Vice Premier Teng that China would not renew the 1950 Sino-Soviet pact when it comes up in 1979 (a move related to the Sino-Japanese treaty because of anti-Japanese sections of the 1950 treaty).

(4) Strengthened efforts in African affairs, reaching up to improved relations in North Africa and the Middle East. Diplomatic relations were opened with Libya, a longtime Soviet ally, and Oman, a Persian Gulf state previously branded a "reactionary" regime.

(5) Improved ties with the Western European nations, particularly in trade areas, but also through military missions to the NATO alliance.

(6) A visit by Premier Hua to North Korea prior to his European swing.

(7) As the delegation's report has indicated, a renewed Chinese effort at improving the substance of relations with the United States through trade, exchanges and strategic consultations is well underway despite the absence of formal relations.

The importance placed by China on signing the Treaty of Peace and Friendship with Japan has been frequently noted in this report. To date, no active Soviet response against either China or Japan has occurred. Moscow has limited itself to harsh rhetorical comment in print, and over the airwaves.

The Japanese treaty, one of two events the delegation was informed were "the two things Moscow fears most," left the formal normalization of relations with the United States as the remaining

major foreign policy goal discussed with the delegation. As indicated in the delegation's conversations with Chinese leaders, normalization was consistently described as a key to resisting Soviet activities against China and the United States.

U.S. SUPPORT

With or without normalization, however, China has made it clear that it desires U.S. support through parallel actions in the world arena such as the NATO alliance. China sees competition against the Soviet Union, despite Western pursuit of détente, the SALT talks, and extensive trade and technological exchange, as perhaps the key element in any potential relationship between China and a third party.

For the United States, Chinese leaders repeatedly warn against being misled by "détente," predict no useful, and many dangerous results from the SALT talks, and even inveigh heavily against the utility of trade and exchange with Russia.

In his conversation with the delegation, Ambassador Hao Teh-ching, President of the People's Institute of Foreign Affairs, articulated a theme (repeated in other meetings) that the United States should adopt China's "three methods" in dealing with the Soviets:

- (1) Have no illusions, make concrete preparations against war;
- (2) Move to upset all Soviet strategic deployments;
- (3) Do not adopt a policy of "appeasement" which neutralizes military and strategic strength.

Ambassador Hao frankly stated that China's policy toward Vietnam was designed to "upset" the Soviet Union, on the theory that Vietnam, for all of its traditional interests in the region, is now basically a client of the Soviet Union.

Vietnam is Russia's "Asian Cuba," the delegation was repeatedly told. "Of course" China's Vietnam policy is aimed at Russia, Ambassador Hao said: "On the surface we are struggling against the small hegemonist power, Vietnam, but in reality we are struggling against the bigger hegemonist power."

Facing the "reality" of the struggle against Soviet policy prompted Chinese officials to recite a litany on how they viewed Soviet activity around the globe. Beginning with Cuba itself, "right under your nose," Chinese officials cited Africa, particularly Zaire and Ethiopia, the Middle East, focusing on South Yemen, and exhibited great concern over the coup in Afghanistan. Vietnam was portrayed as an active Soviet base threatening Western trade and military communications in Southeast Asia, as well as with Japan and the Pacific.

While the delegation meetings stressed the need for parallel action by the United States, in recent months, the PRC has actively pursued a pattern of diplomatic initiatives which would appear to be unparalleled in her history.

BREAKING ENCIRCLEMENT

As one senior Chinese official put it, "There is some talk in the world that the Soviet Union is encircling China, but China is not afraid of encirclement. When you look at the history of the Chinese revolution we have grown in periods of encirclement, and have broken a lot of encirclements."

This theme of "breaking encirclements" would seem to provide the

best framework for charting the series of moves including diplomatic missions culminating, to date, in Premier Hua Kuo-feng's "campaign swing" along Russia's southern flanks.

Premier Hua's stops in Romania, Yugoslavia, and Iran were all punctuated by anti-Soviet speeches of varying degree, and calls for recognition of common interests in resisting "hegemonism," the well-known key to the Sino-Japanese peace treaty.

However, while Premier Hua's visits received worldwide publicity, they were only the latest in an ongoing series of personal diplomatic initiatives by senior PRC officials. Among the more significant were:

(1) Foreign Minister Huang-hua visited Zaire for conferences with President Mobutu in June, even as France and Belgium were moving to counter Cuban-Soviet military ventures in Shaba Province. The Foreign Minister also visited Belgium, Turkey, and Iran, making speeches identical in tone to those heard by the delegation, and those delivered by Premier Hua on his August mission.

(2) Vice Chairman Chi Peng-fei of the National People's Conference visited South America in June, one of the only such Chinese visits on record. Before journeying north to Canada, Chi spent a week in Mexico.

(3) Vice Foreign Minister Ho-ying toured Kuwait, Jordan, and Syria in late June.

(4) Vice Premier Kang Piao, a Politburo member, spent 2½ weeks in Pakistan and Sri Lanka in June-July. In late July, he left for a 15-day Caribbean tour of Trinidad-Tobago, Jamaica, and Guyana. No Chinese Vice Premier had ever visited this region.

(5) Vice Premier Chen Mu-hua, a foreign trade expert and head of Peking's foreign aid program, was in the midst of an African mission as this report was in preparation. Stops at that time included Somalia, Cameroun, and Gabon. Expected stops included Senegal and Mauritania.

Chinese diplomatic missions scheduled as this report was being prepared included stops in Turkey, Egypt, Sudan, Ghana, and Guinea. In addition, Vice Premier Teng was scheduled to visit Japan during October, and Premier Hua to visit Western Europe in 1979.

THREE WORLDS

The policy lines expressed to the delegation, and confirmed by Chinese actions in 1978, would seem to be signaling a modification, if not a shift away from what had been presumed to be a cornerstone of Maoist Chinese foreign policy—the so-called "three world's theory." The delegation has expressed its conclusion that the current underpinning of PRC foreign policy is what the Chinese see as the need to combat the Soviet Union on a worldwide basis.

But under Mao's "Theory of the Three Worlds" the Soviet Union is not the sole target of Chinese activity. According to Mao, the world is divided into three competing "worlds," or categories: The first world of the two superpowers, the Soviet Union and the United States; the second world of the remaining industrialized nations; and the third world, including China, comprised of all the developing nations. While Mao saw the United States as the more "benign" of the two superpowers, with the Soviets characterized as "arch social-imperialists,"

the task of Maoist foreign policy was primarily to rally second world nations into an alliance with the third world against the superpowers, even though the second world nations themselves "exploit" the third world.

While Mao felt the United States might be "enlisted" in the struggle against the Soviets, the foreign policy trend perceived by the delegation—when coupled with the trade and economic initiatives now being pursued by China—would seem to signal a potentially much more positive Chinese view of the Western nations.

Some experts have commented¹ that to date, PRC diplomatic missions have concentrated on the "third world" nations; thus, the 1978 initiatives may represent as much an effort to enhance Chinese political and economic influence in its own right as they signify an anti-Soviet campaign.

SOVIET RESPONSE

In this sense, experts note, Western decisions to help meet what are perceived as common foreign policy aims by selling arms or sophisticated technology to China will serve a dual function, despite the West's purpose. Soviet response to Chinese initiatives and possible Western responses have so far been largely rhetorical, and have sought to stress the idea that helping China is a double-edged sword. A Pravda editorial has warned:

All those who help China to arm itself are acting contrary to the striving of peoples toward détente and toward strengthening peace on earth.²

The editorial was not simply concerned with prospective European arms sales, as it made clear by adding:

Hardly a month passes without another Chinese emissary appearing in the capital of one or another country, whether belonging to NATO or not.

It is within the context of the Sino-Soviet struggle as manifested in the ideological debate over Mao's "Three World's" theory that China's break with Albania—once its only European ally—can be explained.

Exactly 1 year prior to China's July 7, 1978, announcement that all aid to Albania would be ended, the leaders of the small, Adriatic Sea state between Greece and Yugoslavia called the "Three World's" theory a cover for Chinese "hegemonism," and Chinese plans to become a "superpower."

Even worse, according to the Albanians, the "Three World's" theory was designed to cover a Chinese plot to ally with the "U.S. imperialists and the monopolists of Europe, with fascists and racists, kings and feudal lords, most rabid militarists and warmongers * * *"³

The Albanian charges, coupled with Soviet reaction to Premier Hua's European mission, showed the depth of displeasure motivating political leaders and strategic planners in Moscow, if not elsewhere.

It should be borne in mind that the Sino-Soviet "war of words" cannot be brushed aside as mere rhetoric. For example, as noted, the

¹ Asiaweek of Dec. 30, 1977 and Aug. 25, 1978.

² Baltimore Sun article by Henry Trehwitt, Aug. 25, 1978.

³ Taken from a letter circulated in foreign capitals by Albanian diplomats with the date July 29, 1978, as quoted by Asiaweek of Sept. 1, 1978.

Chinese consistently warned the delegation against the pursuit of definitive SALT talks with the Soviet Union. The Soviets, too, have cited SALT as a factor in United States-China relations, although from a reverse perspective. On August 26, a statement from the Politburo called China a "serious threat" to peace, and hinted that a SALT agreement could be washed away by Western military sales to China.⁴

ARMS SALES

As of this writing, Chinese military missions to Europe and the NATO countries have reportedly concluded agreements with France for antitank and antiaircraft missiles, Germany for helicopters, and Britain for jet engines. PRC missions have reportedly expressed interest in the West German Leopard tank, Italian rapid-fire artillery systems, the British Harrier vertical-takeoff jet, and British transport aircraft with military capacities.

The French purchase is the largest reported to date, covering perhaps as much as \$700 million.⁵ The French deal, negotiated despite reported Soviet "pressure," was noteworthy because of public French statements that France would sell arms according to its own policies, regardless of outside pressure. The same report, however, also noted that the French apparently plan to sell only what they feel are defensive weapons, and that no deal was made on the sophisticated Mirage F-1 jet fighter precisely because of concern over Franco-Soviet relations.⁶

While the United States is reported as having "quietly made it clear it will not oppose such sales to China by European countries," the nations of Europe have yet to develop, or at least announce, a clear policy on the sales.⁷

No such indecision is reflected in Moscow. In expressing displeasure as of August 26, well before the announcement of the French sales, the Politburo reversed the language of the PRC to the delegation. Arms sales discussions, the Sino-Japanese treaty, and Premier Hua's Eastern European mission prompted this from Moscow:

The Politburo underscores the serious threat presented to the cause of peace and socialism by the action of the current leaders of China. In pursuing their great power, hegemonic course, Peking openly places stake on the increase of international tension and is using all means to undermine the position of the socialist community.⁸

As noted, Ambassador Hao freely admitted to the delegation that China's Vietnam policy is anti-Soviet. The Politburo statement from Moscow linking the future of SALT to Western arms for China also called China's Vietnam policy "direct expansionist action."

Thus, the delegation and Western decisionmakers face a situation where each side in the Sino-Soviet dispute makes similar charges about the other and demands potentially contradictory actions by the West as the price of friendship.

⁴ Washington Post article by Dusko Doder, Aug. 27, 1978.

⁵ Reuter's item in Washington Post, Oct. 21, 1978.

⁶ Christian Science Monitor article "France Moves Ahead on China Arms Sales" by Jim Browning, Oct. 24, 1978.

⁷ Oct. 24 article in Christian Science Monitor.

⁸ Aug. 27, 1978, Washington Post article by Dusko Doder.

NORMALIZATION: PRC AND THE ROC

The delegation has sought to stress its perception of a "new realism" in the People's Republic of China regarding the issue of American concerns and interests with the Republic of China (Taiwan). Discussion of the fact that the Kuomintang and the Communists twice in their history had cooperated was clearly intended to make an impression on the delegation.

In its report, the delegation has also sought to make its own historical reference to the dispute over the Republic of China, particularly the 1955-56 offer by the PRC to negotiate a treaty with the United States which would include a clause on peaceful settlement of the Taiwan issue.

As we have said, the 1955-56 offer and negotiations made it clear that while the PRC might be prepared to renounce the use of force vis-a-vis formal U.S. interests, their position in 1955-56 and 1978 on Peking-Taipei relations is identical; namely, that "sovereignty" prevents any pledge of nonviolence.

As stated, the delegation is under no illusions as to the continuing strong line in Peking regarding the legal form of normalization between the United States and China—as seen by Peking. However, the delegation has sought to emphasize why it feels that even though the PRC indicates its "three points" (involving formal U.S. withdrawal from diplomatic and military agreements with the Republic of China) are nonnegotiable, in practical fact, the substance of normalization—the "realities" and "modalities" discussed in Peking—may hold promise of flexibility, and should be explored.

A joint appearance by representatives of the PRC and ROC at a scientific conference in Tokyo took place on August 24. This is the first such recorded occurrence of its type. In the past, even if both the PRC and ROC had accepted invitations, one or the other had cancelled in order to avoid just such a joint appearance as occurred in Tokyo.

Recently, a solid economic indicator of pragmatism, at least on the part of the PRC has come to light. According to official trade statistics released by Hong Kong, pro-Peking businessmen in the British colony have been encouraged to reexport goods to Taiwan. Figures for January to May 1978 show \$16.1 million in goods reaching Taiwan from the PRC, via Hong Kong. Experts have noted that these figures do not reflect the "substantial" amount of PRC goods smuggled into Taiwan.⁹

As the delegation has noted, an emerging pattern of more pragmatic, more realistic approaches and actions by the PRC, not just in foreign policy, but in all areas would seem to be underway. Further, this pattern has historical precedent.

As for the ROC, while no such pattern can be discerned at present on the official level, the fact remains that her delegates were not recalled from Tokyo. It is true that when the delegation's initial press conferences suggested a possible willingness on the part of Peking to negotiate with the Kuomintang, negotiations were rejected outright by officials in Taipei. This is consistent with policy in Taipei since 1949. But it is also true that despite the often harsh rhetoric

⁹ Articles in the Economist, "Velvet Glove," Sept. 16, 1978; Far Eastern Economic Review, "Taiwan's Secret 'Peace' With the Mainland," by Melinda Liu, Oct. 6, 1978; and Asiaweek, "Autumn Fever," Oct. 13, 1978.

still employed by both sides in the Chinese Civil War, no serious military action between the two has occurred for 20 years, prisoner exchanges have taken place, and informal recognition of each other's airspace for military and commercial flights clearly exists.

In the following section, a review of the respective positions of leaders in the PRC and the ROC on the normalization issue since 1971-72 may help those attempting to analyze the events of the present day.

As noted, in 1956, Peking suggested a bilateral agreement with the United States specifically renouncing the use of force in the Taiwan area. While such action in 1978 apparently cannot be expected, if the tone and content of the delegation's conversations in Peking continue to represent Chinese policy regarding the use of force, the historical fact remains that at least once, Chairman Mao and his associates were willing to explore such a proposal.

PRE-1972 PRC VIEWS ON NORMALIZATION

During the period prior to President Nixon's visit to Peking in 1972, PRC spokesmen had remained rigidly uncompromising on the subject of normalization and had refused to ease tensions with the United States unless the United States first withdrew its forces from Taiwan and ended official ties with the Taipei Government.

Since the signing of the Shanghai communique during President Nixon's visit to Peking in 1972, PRC spokesmen have reaffirmed their demand that the United States must withdraw all forces and break official ties with Taiwan before full United States-Peoples Republic of China diplomatic relations can be established. But Peking's sense of urgency over the normalization question, and its concern over the related issue of the "liberation" of Taiwan, have varied widely over the past 6 years.¹⁰

During 1972 and 1973, PRC spokesmen adopted a low-keyed approach on normalization. Despite continued active U.S. official relations with Taipei, Chinese leaders agreed with the United States to increase bilateral exchanges and to establish official liaison offices in Washington and Peking staffed by senior diplomats. Peking media avoided criticism of the United States over the normalization issue, and they softened past rhetoric regarding Taiwan. In particular, Peking comment encouraged "people-to-people" contacts between the mainland and Taiwan, sharply reduced criticism of the Nationalist administration, and—for the first time in two decades—called for peace talks with the Nationalists and the "peaceful" liberation of Taiwan.

China's approach hardened in 1974 and 1975. Some experts feel this reflected Chinese impatience with the lack of forward movement in Sino-United States relations during that period. However, China's posture also appeared to have been influenced by PRC domestic politics, as leftist Chinese leaders—the now smashed "Gang of Four"—fomented major domestic ideological campaigns which led to a harder line in Peking in foreign policy. During this time, Peking spokesmen occasionally criticized the United States for not living up to the "spirit" of the Shanghai communique. They also put aside their

¹⁰ For background on these issues, see Dr. Robert G. Sutter, "Chinese Foreign Policy After the Cultural Revolution, 1966-77," Westview Press 1978, pp. 94-113.

previous, relatively mild approach on Taiwan's liberation, and began to warn that Chinese Armed Forces were ready to attack the island.

Peking's policy appeared to shift again in the latter part of 1975, when spokesmen reverted to a more low-keyed approach regarding Taiwan. Chinese leaders at the same time showed great concern over what they saw as a decline in U.S. strategic resolve to resist Soviet "expansionism" in international affairs. They saw the decline as resulting from American domestic and foreign difficulties such as the U.S. Watergate crisis, the 1974-75 economic recession, and the collapse of the U.S.-supported governments in Indochina in 1975. Accordingly, Chinese spokesmen took pains to emphasize their interest in a more resolute U.S. policy against the U.S.S.R., while they "softpedaled" past expressions of concern over the normalization of United States-Peoples Republic of China diplomatic relations.

TENG IN 1975

Vice Premier Teng Hsiao-ping was unusually explicit about Peking's priorities during a December 1, 1975, banquet address for President Ford. While Teng devoted only routine attention to United States-People's Republic of China normalization, expressing confidence that diplomatic relations would be established "eventually," he devoted unusual stress to what he called "a more important question" involving the need for greater U.S. vigilance against Soviet "expansion." He said that "the crucial point is what line or policy" the United States and China would pursue in the face of this mutual threat. He exhorted the United States to follow Peking's example, not to fear Soviet "hegemonism," but to form a broad international front against it and to wage "tit-for-tat struggle."¹¹

Teng was demoted in early 1976, leading to the temporary rise to power of the leftist "Gang of Four"—a development which apparently led to a hardening of Peking's line on normalization. Thus, for example, Senator Hugh Scott was strongly impressed with the virulence of Chinese discussions on normalization and the liberation of Taiwan during his July 1976 talks in Peking with Vice Premier Chang Chun-chiao, a prominent member of the "gang."¹² Chairman Wolff and Representative Burke, during their April, 1976 mission, received what may have been the "dress rehearsal" for Senator Scott.¹³

"GANG" PURGED

The purge of the "Gang of Four" and other leftists in October 1976 resulted in a return to a more moderate approach toward the United States. For several months in early 1977, Chinese spokesmen repeatedly made statements underlining Peking's firm commitment to the three conditions for United States-People's Republic of China normalization—statements which were perhaps prompted by the repeated suggestions then emanating from Washington regarding possible compromise formulas for United States-People's Republic of China normalization.

¹¹ New China News Agency, Dec. 1, 1975.

¹² "Normalization of Relations with the PRC: Practical Implications." Hearings before the Subcommittee on Asian and Pacific Affairs of the House Committee on International Relations, U.S. Government Printing Office, 1977, pp. 322-340.

¹³ See "United States-China: Future Foreign Policy Directions, 1976." Subcommittee on Future Foreign Policy, USGPO.

Since the middle of 1977, Peking has avoided criticism of the United States concerning the normalization issue and has repeatedly expressed understanding and patience over the difficulty the United States faces in breaking its ties with Taiwan.¹⁴ A high-level Chinese leader this year went so far as to alert the Chinese people that he judges that normalization may be delayed. Yeh Chien-ying—the second most important leader in the Chinese Communist Party—capped an effusive welcome for a group of U.S. visitors on May 19, 1978, by remarking in a straightforward passage that “it requires great exertion and time to realize the normalization of relations between China and the United States.” Yeh’s remarks—the most explicit Chinese official statement of the potential delaying effect of U.S. domestic political concerns were widely broadcast to Chinese and foreign audiences by Peking’s New China News Agency.¹⁵ At the same time, Chinese leaders have used private meetings with U.S. visitors in recent months to reaffirm repeatedly Teng Hsiao-ping’s admonition to the United States in 1975: They have noted that the formal establishment of United States–People’s Republic of China diplomatic relations is less important to China than the development of a common Sino-American strategy against the U.S.S.R.¹⁶

THE REPUBLIC OF CHINA (TAIWAN) AND NORMALIZATION

ROC leaders have also adopted various approaches to the issue of United States–People’s Republic of China normalization in recent years.¹⁷ Some officials have expressed confidence that the United States would soon perceive the alleged “futility” of trying to normalize relations with Peking, and would halt the process before it seriously compromised United States relations with Taiwan.

Other officials of the ROC have been less sanguine about future developments, and have shown serious anxiety over the possibility of the United States accepting Peking’s three conditions. They have warned that U.S. support for Peking’s terms would result in major political and economic crisis on Taiwan. They judge in that United States–People’s Republic of China normalization would lead to a collapse of the Republic of China’s political institutions, and would prompt the Nationalist authorities to adopt strong authoritarian measures in order to maintain order and unity on the island in the face of “threat” from the mainland. As mirrored by some witnesses before the subcommittee, these officials also warned that following an official U.S. break with Taipei, businessmen on Taiwan would withdraw from the island, leading to a major economic collapse there.

Still other leaders on Taiwan think that normalization is likely to occur in the near future, but judge that it would not have serious adverse effects on Taiwan’s well-being, provided there were no immediate likelihood of a PRC military attack against the ROC. These spokesmen point to the recent record of Taiwan’s economic development; they note in particular that the economy grew substantially

¹⁴ On the latter point, see Senator Cranston and Representative Whalen, the United States and the People’s Republic of China, Report of the Sixteenth Congressional Delegation to the PRC, U.S. Government Printing Office, 1978, p. 13.

¹⁵ NCNA, May 19, 1978.

¹⁶ See in particular the Cranston-Whalen report.

¹⁷ See, “Normalization of Relations with the People’s Republic of China: Practical Implications,” hearings before the Subcommittee on Asian and Pacific Affairs, U.S. Government Printing Office, 1977.

during the early 1970's, even though the Taipei Government had suffered numerous serious political and diplomatic setbacks during that period. They believe that Taiwan's economy would probably continue to prosper, even after United States-People's Republic of China normalization.

In regard to political stability, these spokesmen point out that the political setbacks Taipei suffered earlier in the 1970's can be viewed as having had an overall positive effect on internal political stability in the ROC. The reversals caused the dominant group of Chinese leaders on the island, who came to Taiwan from the mainland in 1949, to open some higher government positions to Taiwanese. These moves they claim, have helped ease the political discontent of the Taiwanese natives, who make up about 85 percent of the island's population and have been particularly resentful over their past inability to play a major role in national governmental affairs.

TRADE AND ECONOMIC DEVELOPMENT IN THE PRC

Even as our delegation met with the PRC's leadership in Peking, lower ranking bureaucrats were engaged in detailed negotiations with trade and business representatives from Japan, the United States, and Western Europe.

The Vice Trade Minister made clear to the delegation what has become strikingly evident in the weeks since our visit—China plans to substantially increase her imports and exports, with equally substantial implications for China domestically, as well as for world economies.

According to statistics released as this report was in preparation,¹⁸ United States-China two-way trade increased 175 percent in the first 9 months of 1978, compared to a similar period in 1977. In absolute terms, the sums involved—\$441.4 million in 1978 versus \$249.4 million in 1977—are not substantial. As with other Asian nations, the United States ran a trade deficit with China for the first half of 1978, with U.S. imports of Chinese goods totaling \$246.9 million.

The initial phases of the 1978 increase are attributed to the fact that for the third year in a row, China in 1977 experienced a bad harvest. Consequently, the Chinese have reentered the U.S. grain market for the first time in 4 years, purchasing \$280 million in shipments to be spread out over 1978-79. Another bad harvest has been announced this year, and further grain purchases were being discussed as this report was in preparation. Funds for these grain purchases extend into China's hard currency pool, and may affect the PRC's ability to pay cash for development programs beyond the immediate future.

WORLD TRADE

Foreign analysis of China's economy indicates that the PRC's worldwide trade for January to June 1978, reached \$19 billion, a 30-percent increase over the 1977 totals. For the first half of 1978, Chinese economic officials did not issue absolute figures, but indicate a percentage increase in exports of 28.5 percent, and a 60-percent import increase.¹⁹

¹⁸ Statistics through September 1978, compiled by the National Council for United States-China Trade.

¹⁹ Washington Post article "China Doubles Trade With United States, Considers Foreign Capital," by Jay Mathews, Sept. 10, 1978, article in *Asiaweek*, Oct. 13, 1978.

A comparative note of caution: While the "China trade" dollar amounts are relatively large, and will grow larger, the fact remains that in 1977, Japan, for example, still exported more to the Republic of China (Taiwan) than it did to the PRC.

But if current PRC plans take firm root, foreign trade will increase rapidly both in percentages and absolute dollar amounts. At a conference on finance and trade in Peking shortly after the delegation departed, Vice Premier Yu Chiu-li, Chairman of the State Planning Commission, announced that special factories and industrial areas would be set aside to produce export goods. In a significant break with past PRC policy, it was announced that these plants would import basic technology and equipment. Of perhaps more interest at the time of the announcement, it was noted that among the devices planned to finance the plant would be so-called "payback" schemes modeled on development policies carried out by Lenin and Stalin in 1920's Russia.

"Paybacks," in which the plant's products are used to pay off development costs, seemed earlier this year to be an emerging Chinese preference to financing industrial modernization and expansion through direct loans. In that way, it was thought, China hoped to avoid the economic graveyard inhabited by so many other developing nations. Chinese leaders were obviously mindful of the Russian experience of recent years, where despite rhetorical or ideological inhibitions, the Soviet Union managed to run up a foreign debt of some \$17 billion.

DEVELOPMENT CAPITAL

But if China remains committed to pay for most of its short-term imports in cash or "payback" agreements, the ambitious development plans now being announced in response to the strategic challenge of the Soviet Union have clearly prompted a reassessment of how best to generate long-term development capital.

Expert observers had estimated that with hard currency reserves of between \$3 billion and \$4 billion, the PRC would be able to finance its presently announced development plans without any loans for 1 to 2 years.²⁰

Events since the delegation's visit moved more rapidly than any of the experts had predicted, however, and it is now a matter of record that the PRC has decided to explore direct loans to finance those development plans which cannot be funded by paybacks, or other methods. In retrospect, it can now be seen that this decision, which became public during September negotiations with the Japanese, had been publicly anticipated by PRC leaders.²¹

Vice Premier Yu Chin-li, at the Peking Conference on Finance and Trade, noted the need to "receive and use foreign deposits in a planned way."²² An explicit statement on China's willingness to accept private bank loans was attributed to Vice Premier Li Hsien-nien.²³ Earlier sources indicated Chinese willingness to accept private bank loans through the Japanese Export-Import Bank, although not official

²⁰ Washington Post article "China Doubles Trade With United States," by Jay Mathews, Sept. 10, 1978.

²¹ Oct. 13, 1978 article "Peking's Yen for the U.S. Dollar," in *Far Eastern Economic Review*; in a perhaps ironic footnote, the PRC reportedly has asked that the Japanese loan be made in U.S. dollars, even though the interest rate would be higher, because of the difficulty of meeting payments in yen over the years.

²² Wall Street Journal article by Frank Ching, "China Hints at Economic Policy Change," Aug. 25, 1978.

²³ Wall Street Journal article by Frank Ching.

Japanese Government loans through Japan's Overseas Economic Cooperation Fund.²⁴

In any event, a long-term trade agreement between Japan and the PRC announced in February has been consistently estimated to involve \$20 billion.

While loan negotiations with the Japanese were still being carried out, British banks had already established a \$100 million deposit, called by some observers "akin to a line of credit," to finance British exports to China.²⁵

This device of allowing buyers and suppliers export credits is also new for PRC policymakers, one which allows them the benefits of direct loans without undue ideological risks to a development policy which has by no means rejected all aspects of independence and self-reliance.

To show the level of commitment already undertaken by China in the last few months, a quick survey of three basic industries—steel, petrochemicals, and oil is instructive:

(1) *Steel*.—Of China's planned 120 major new industrial projects by 1985, 10 will be steel mills large enough to process raw ore into finished products. The Chinese plan to nearly triple the 1978 output of 26 million tons. Without commenting on the feasibility of this plan, experts estimate that it will cost China some \$2 billion to upgrade existing steel mills with techniques and equipment available in the West. Further, anywhere from \$20 billion to \$40 billion may be necessary to finance construction of the 10 new plants called for by 1985. West German and Japanese firms are already in competition for the first installments of this massive project.²⁶

(2) *Petrochemicals*.—As of January 1978, more than 30 petrochemical and fertilizer plants were being built in China by Western contractors. Much of the expertise and technology involved in these projects are under license by the major chemical manufacturers of the West.

Since the beginning of July alone, at the same time the delegation was in the PRC, seven petrochemical or fertilizer projects have been announced, with the total value of more than \$300 million. Four of the projects went to West German or Japanese firms.

Experts note that Chinese missions in Europe as this report was in preparation were discussing short-run PRC needs for seven petrochemical or fertilizer plants, and longer range needs for six large ethylene crackers (the base unit around which a petrochemical complex can be constructed). While the Chinese planned to do as much of the basic site work as possible, each of the plants could cost up to \$500 million.²⁷

(3) *Oil*.—In the past several months, PRC representatives have negotiated with U.S. oil companies for up to a half-dozen offshore drilling rigs. Prices per rig are in the \$75 million range.

China now has an estimated offshore oil reserve of 45 billion barrels, with a reserve on the mainland variously estimated at another 5 to 20 billion barrels. (Saudi reserves are estimated at 149 billion barrels.)

In 1977, the PRC exported some 130,000 barrels of crude oil a day to Japan. Shortly after our delegation returned to Washington, China

²⁴ New York Times article by H. Scott-Stokes, "China Strengthens Ties With Japan," July 23, 1978.

²⁵ The Economist, London, Aug. 19, 1978.

²⁶ Article, "China: Oiling the Doors," in the Economist, Aug. 19, 1978.

²⁷ Article in the Economist, "Oiling the Doors," Aug. 19, 1978.

and Japan announced an agreement on joint development of oil resources in Pohai Bay, directly across from the Korean Peninsula. The same announcement by the Japanese Government-owned National Oil Corp. said agreement has also been reached to study feasibility of joint development of oil resources at the mouth of the Pearl River, which flows through Canton into the South China Sea.

The Chinese do not restrict their potential oil development to Japan. As noted, while the delegation was in Peking, members and staff met informally with representatives of several major U.S. oil companies. It was subsequently reported that on May 2, the Liaison Office of the People's Republic of China in Washington, D.C., called Ambassador Christopher Phillips, head of the National Council for United States-China Trade, asking him to deliver official invitations to the heads of Exxon, Pennzoil, Union Oil, and Phillips Petroleum.²⁸

In 1977, Peking purchased \$150 million in onshore oil exploration and development tools from U.S. companies for use without outside help. The first half of 1978 saw \$250 million purchased from U.S. companies. Negotiations between the PRC and the four American companies invited to Peking at the same time as the delegation were still in progress as this report was being prepared. Results of the negotiations should provide evidence for how much foreign participation the PRC plans to allow, as well as indicating how much "prenormalization" trade the United States might expect to carry out with China.²⁹

MODERNIZATION: THE WORKERS AND THE PEASANTS

All of the PRC's ambitious development plans will come to naught, of course, if China's urban workers and rural peasants cannot, or will not, perform. This is not an idle question, and in the past few months, policymakers in Peking have been addressing themselves to it. As noted, the delegation heard discussion of a return to wage incentives, among other inducements. The problems in urban areas are deeper than that, as the experience of the Cultural Revolution illustrates.

INDUSTRIAL WORKERS

Factories were among the hardest hit of China's institutions during the turmoil of the Cultural Revolution. For the same reasons that China's universities and technical training centers were disrupted by the primacy of ideology over practice, China's factories suffered severe drops in efficiency and production. Experts attribute this to low morale amongst workers as much as to any ideological commitment on the part of the average worker.

Just as the general policy debate has shifted to favor the expert and the pragmatist, so has the factory management policy shifted. While many factory or industry heads rose to power during the Cultural Revolution because of their political purity, rather than any particular industrial expertise they might have possessed, likewise the individual workers were encouraged to join Revolutionary Committees to run the entire factory or industry, regardless of the worker's lack of management or planning experience.

²⁸ Washington Post article "China's Oil" by Hobart Rowen, Aug. 11, 1978. Pennzoil officials have been quoted as saying they were asked to draw up offshore exploration plans, with the most likely target being the South China Sea.

²⁹ Article, "China's Tough Oil Bargain," in *Far Eastern Economic Review*, by James Srodes, Sept. 1, 1978.

One of the first steps announced in early 1978 was the abolition of the Revolutionary Committees in all aspects of China's professional activities, from factories to universities. But persistent accounts appear of committees in many regions clinging to at least a share of the power.

Wages and wage incentives form another area where China's new realism has produced new, and in this area, considerably revised approaches to spurring production. Even prior to Teng Hsiao-ping's return, China's wage scales left nothing to be desired from the bureaucratic standpoint, resembling in complexity, if not munificence, the Civil Service charts in the United States.³⁰

INCENTIVES

Shortly after the delegation returned from China, it was reported that 85 percent of China's factory workers had received small raises of about \$3 per month.³¹

Among the dilemmas now being faced by Vice Premiers Teng, Yu, and others involved in the modernization effort is how to use wage hikes as production incentives without creating massive inflation. As noted, the delegation was told that China planned to increase production of consumer goods. Given the relatively low salaries and high cost of those consumer goods normally available which are not necessities such as bicycles, watches, cameras, radios, and those which are rationed, such as food and clothing, experts agree that there is room to absorb pay hikes within the Chinese economy so long as production keeps pace.

Since the government controls all aspects of the economy, an obvious "anti-inflation" device would be to hike prices to keep pace with wages, but the self-defeating nature of that measure would seem obvious in view of the stated goal of the planners to increase production through improved worker's morale.

After being discredited for radicalism during the hey-day of the "Gang of Four," China's "unions" have been directed to reorganize and aid in the campaign to improve production. Patterned primarily on the Soviet model, the unions are organized on a factory by factory, rather than industry-wide basis. While they on occasion can take up individual worker grievances with "management," they are not expected to engage in industrial action or strikes.

Americans and other foreigners who have worked in Chinese factories during and after Cultural Revolution have noted that the work pace is very slow, the working conditions frequently inadequate by Western standards, and the machinery in ill-repair, and out-dated. One observer commented in 1977 "If the workers had been functioning at anything resembling a reasonable work pace, the factory could probably have doubled its output. But quotas were set so low, apparently so that they could be filled without difficulty, and anyone who wanted to speed things up risked being criticized by his workmates."³²

³⁰ Statistical information in this section comes primarily from articles in the *Far Eastern Review*, principally the issue of Jan. 27, 1978.

³¹ *Washington Post* article, "Chinese Discipline," by Jay Mathews, July 28, 1978.

³² *Far Eastern Economic Review*, Jan. 27, 1978 and the *Washington Post* article by Jay Mathews of July 28, 1978.

PAY SCALES

Instituted in 1956, modified in 1962 and 1966, and under scrutiny at the present time, the wage scale for China's nonagricultural work force (all are employed by the State) has three distinct categories of employees: workers, administrators, and technical personnel. Their grades and salaries as of October 1977 were as follows:

(1) *Workers* have eight grades, or steps, ranging from a low of 30 Rmb a month (\$18) to a high of 100 Rmb (\$60).

(2) *Administrators* have no less than 25 grades, with a monthly low of 30 Rmb, and a peak of 450 Rmb (c. \$270).

(3) *Technical personnel* have 13 grades, from a low of 45 Rmb (c. \$27) to a monthly high of 340 Rmb (c. \$204).

At the same time, Peking established 11 different wage regions nationwide. Under this system, workers, administrators and technical personnel in the same grade would receive slightly different salaries, according to where they happened to work. To further differentiate, special bonuses were paid to workers assigned to remote locations, such as Tibet or Sinkiang. Finally, specific occupations were granted slightly higher compensation than others, for example, a highly skilled artisan might make 3 Rmb (c. \$2.40) more a month than a steelworker in the same grade.

All wages prior to an announcement of a general hike in October, 1977, had been "frozen" at 1962 levels. In October, Vice Premier Yu Chiu-li, Chairman of the State Planning Commission, announced a general wage rise of one grade on the pay scale for 60 percent of China's nonagricultural workers—some 40 million people. Yu said that those affected were primarily on the low end of the wage scale. Experts estimate that if a raise of just 10 Rmb (c. \$6) a month is involved for each individual an annual hike of some 4.8 billion Rmb (c. \$2.8 billion) would occur for the national money supply.

AGRICULTURAL WORKERS (THE PEASANTS)

Since 80 percent of China's 900 million people still live in the countryside, it is axiomatic that the success of the PRC's modernization programs will hinge on success in agriculture. Peasants, like everyone else in China, work 6 days a week. While their educational and medical opportunities have vastly improved, in terms of their daily life, the peasants perhaps more than any other group in China still live and work much as they have since the earliest times.

The PRC is not self-sufficient in production of food—as noted, repeated drought has forced massive foreign grain purchases—but neither do the PRC's people find themselves subject to unrelieved famine. While food is rationed, the allotments of staples would appear ample by virtually any standard: peasants, intellectuals and cadres receive some 30 pounds and workers 40 pounds per month.³³

It is in the area of "sideline production" of nonstaples, such as meat, fish, eggs, vegetables, sugar and cooking oils where rationing—and underproduction—hits hardest. These are the areas where the peasants' private plots are expected to take up the slack. Private plots, while representing a threat to the traditional Maoist philosophy, are an important factor in peasant morale, since they can eat, or sell what they produce for profit. This contributes to the peasants' willingness to cooperate in the government's modernization plans.

³³ Article in *Far Eastern Economic Review*, Apr. 14, 1978.

To date, the administrators in Peking have addressed themselves primarily to the goal of mechanization, and it is not clear that the leadership (despite Premier Hua's expertise in rural administration) has outlined an overall plan in any detail. The obstacles are formidable:

Ninety-six percent of China's population is crowded into only 36 percent of the land; only 10 to 11 percent of the land is cultivated (100 million hectares) and that percentage will decrease as the PRC experiences the "urban sprawl" common to all developing and developed nations.³⁴

As the delegation was able to observe during several tours of the countryside in several regions, as well as during three daytime flights over vast distances, productive land in China is extensively cultivated. Some 70 percent of the cultivatable land is double-cropped, and in the southern provinces, triple cropped. So an immediate advantage of rapid mechanization would be increasing yield by reducing the time between planting and harvesting, as well as in ploughing, threshing and transplanting.

MECHANIZATION

At present, though, the PRC's level of mechanization is very low; only 10 percent of the farmland is ploughed by tractors. As a result, whereas an American farmer feeds 100 urban dwellers, the labor of 5 Chinese peasants is needed to feed just one urban resident. Only one household in 400 in the PRC even owns a tractor, compared with 80 percent of the agricultural households in Japan, for example.

In January 1978, Vice Premier Yu Chiu-li announced a national goal of 80 percent mechanization of all major agricultural operations by 1980. Since the quality of the PRC's existing agricultural machinery production has been criticized severely by the Chinese themselves, and since the 1980 goal seems optimistic even by the often rhetorical standards set by Peking, the field of agricultural mechanization would appear to be ripe for foreign exports and expertise.

A month before the Delegation's visit to the PRC, a large U.S. agricultural machinery delegation toured China. PRC officials were subsequently quoted as predicting excellent sales prospects, and rapidly concluded contracts. While experts feel that the PRC will follow its traditional pattern of purchasing prototypes to copy in its own factories, one American firm, John Deere, Inc., has made more than \$1 million in sales to China in recent months.

Even assuming that mechanization can proceed close to plan, however, success in the rural sector will depend as well on other, major, factors.

For example, the present field pattern is geared to the traditional, massive, individual effort by groups of peasants working by hand. Consequently, crops with very different planting and maturation periods are grown side by side. Mechanization on a large scale will mean that the very physical pattern of Chinese agriculture will have to be changed—entire field structures will have to be realigned so crops can be planted for simultaneous harvesting.

Even if the mechanical and structural problems are overcome and the fields realigned (with the massive social problems entailed

³⁴ Oct. 6, 1978 article in *Far Eastern Economic Review* by John Carroll.

in persuading the peasants to risk changing the patterns of 1,000 years), farm mechanization will also hinge on other measures which have traditionally plagued PRC planners: irrigation, seed development, rural electrification, capital construction, pest control, and the all-important area of fertilizer development, production, and application.

The PRC is presently the world's largest importer of nitrogenous fertilizers, 70 percent coming from Japan.³⁵ The PRC's traditional and highly organized system of locally produced fertilizer is well known, but the rate of application of more efficient chemical fertilizer is still very low—only 68 kilograms per hectare, compared with Japan's rate of 400 kilograms per hectare.

The final area which must be integrated into the PRC's ambitious agricultural mechanization plan is management of the individual peasants themselves in work teams, production brigades, and communes (in that order; the commune falls within the county, the county within the province, and the province within the region).

RURAL WAGES

The complex and highly stratified system of paying urban workers, administrators, and technical personnel has been described. The peasantry are compensated for their labor under an entirely different system based on what the Chinese call "work points," but what in economic terms is usually called "piecework," and in earlier times could be compared with "sharecropping." The system has been described by an expert:

The Government advances maintenances monthly to the peasants and settles the accounts with the peasants at the end of every year. The yearly yield of a production brigade is divided into two parts. One part is "public grain" and belongs to the State. The other part constitutes the total income of the brigade, but it has to be sold to the Government at a price set by the Government. One part of the total income of a brigade is the collective reserve funds of the brigade. Generally speaking, this part is used to buy farm machinery, chemical fertilizers, insecticides, etc., for the brigade, and to support the administrative service and welfare of the brigade. The other part is shared by the peasants of the brigade. The result of dividing the total number of the work-points obtained by the peasants of the brigade into the value of this part of the yield is the value of every work-point. The product of the value of one work-point and the total number of work-points which a peasant obtains a year is the practical income of the peasant. The Government pays the peasants in both grain, which is rationed, and money.

If the result of the settlement at the end of a year is negative, which may occur in some places where the land is too arid or sometimes when the weather is bad, the peasants are in theory in debt. But in most cases they need not pay back their debt to the Government. In other words, the income of a peasant is decided by two factors: the value of one work-point which is based on the harvest, and the number of his work-points which is decided by his work. Because of this the peasants are quite concerned about the harvest and will work hard to get a bumper harvest, though neither the land nor the yield belong to them. From the viewpoint of the economy a production brigade may be looked upon as a corporation. In this corporation every peasant in the brigade is a director of the board, and his work-points represent his stock. The Government is, in fact, no more than a tax-gatherer, though in theory the boss. So the Chinese leaders can have faith in the morale of the peasants.³⁶

While the obstacles to success discussed in this section on rural and urban workers are obvious and formidable, the sheer magnitude of the undertaking would appear on balance, to be a positive factor, rather

³⁵ Oct. 6, 1978 article in the *Far Eastern Economic Review*.

³⁶ Apr. 14, 1978 article by Ma Chu in *Far Eastern Economic Review*.

than a negative one. For as mechanization increases, thus freeing hands presently needed just to keep the food supply roughly even with population growth, those rural hands can be organized to construct and work in the massive transportation, irrigation, fertilizer, and production facilities needed to boost further mechanization.

CHINA SINCE THE CULTURAL REVOLUTION

The following section was prepared at the subcommittee's request by Dr. Robert Sutter, Analyst in Far Eastern Affairs, Congressional Research Service, Library of Congress.

INTRODUCTION

The leaders currently governing the People's Republic of China have been strongly influenced by the tumultuous domestic and foreign policy developments China has experienced since the start of the Cultural Revolution in 1966. Many of these leaders rose to high-level positions, while others were demoted, purged and rehabilitated, during this period. All of them have had to grapple with serious domestic problems and complex international pressures which have confronted China over the past decade.

This survey provides an overview of the domestic and foreign policy developments of major importance to Chinese leaders since the start of the Cultural Revolution. It shows that Chinese leaders in recent years have been striving for internal political stability and material progress following the turmoil and ideological excesses of the Cultural Revolution. Their efforts have met with only partial success, as the Chinese today still confront major problems in their drive to unify their party and government apparatus, revitalize and modernize their economy and national defense, and strengthen their educational, research, and cultural institutions. Peking's successes in foreign affairs have been more pronounced, as China has emerged from its diplomatic isolation during the Cultural Revolution to pursue a flexible and pragmatic foreign policy which has enhanced PRC international contacts and placed China among the major actors in Asian and world affairs.

DOMESTIC DEVELOPMENTS

Senior Vice Premier Teng Hsiao-ping and other prominent Chinese leaders have repeatedly stressed during conversations with Western visitors over the past year that China faces serious problems in its efforts to modernize the economy, education system, and military structure, to make PRC political and social organizations more efficient, and to improve Peking's standing in world affairs. Teng and other leaders have claimed that Peking's current difficulties stem in large measure from the disputive policies and actions over the past decade of the so-called "Gang of Four"—a group of leftist Chinese Politburo Members who rose to prominence during the Cultural Revolution and retained considerable influence in Chinese ruling councils until they were arrested in October 1976. Western observers have tended to discount this personalized explanation for China's trouble. S

as too simple, but they have generally agreed with the view that China has indeed gone through a trying period since the Cultural Revolution and is still suffering from some of the negative aftereffects of that experience.³⁷

IMPACT OF THE CULTURAL REVOLUTION, 1966-69

During the early years of the Cultural Revolution, Mao Tse-tung and other Chinese leaders organized millions of Chinese youth into Red Guard contingents, which they used to disrupt and ultimately destroy the existing Chinese Communist Party (CCP) and government administrations. Some Red Guard attacks on party and government bureaucrats led to armed clashes between the youths and establishment forces. Schools were closed for several years to allow the youths to participate in the Red Guard movements. Scientific and cultural activities also were curtailed or halted.

Most rural areas were not directly affected by the disorder, but many Chinese cities were seriously disrupted. Normal government activities came to a halt in some places and production in many urban enterprises declined. Without an effective party or government organization, Chinese leaders were forced to call in the People's Liberation Army (PLA) to maintain law and order and to assure that production would not decline further.

Opinions vary as to why Mao and his allies undertook such an ultimately disruptive reformation of the Chinese party and government. For one thing, Mao reportedly judged that leaders then in power in the party and government were fostering political, social, and economic programs that emphasized hierarchic organizations and material incentives. He judged that these leaders were following a path similar to the one followed by the "revisionist" post-Stalin leaders in the Soviet Union, and he thought that radical steps were needed in order to maintain progress in China toward the Maoist goal of an egalitarian and ideologically motivated society.

At the same time, numerous Chinese leaders reportedly used the opportunity of the Cultural Revolution to advance their careers and to attain higher office at the expense of the thousands of veteran cadre who were purged during this period. Prime examples of these newly rising leaders were Mao's wife, Chiang Ching, and other leftist leaders who came to be known later as "the gang of four." Many other Chinese leaders who still hold power in Peking—including the present CCP Chairman Hua Kuo-feng—also rose to power in large part because of their ability to advance during the political turmoil of the Cultural Revolution.

PLA forces stationed throughout the Chinese provinces began strong efforts to suppress Red Guard activists and to restore order in 1968. Western analysts have offered differing explanations as to why Chinese leaders, who launched the Red Guard movements 2 years earlier, now were willing to go along with the suppression of the activists and a return to more normal administrative practices. They frequently have stressed that the vast majority of Chinese leaders seemed preoccupied with the host of problems China faced at this time including

³⁷ Some recent Western analyses of Chinese domestic affairs since the Cultural Revolution include Parris Chang, "Power and Policy in China"; Byung-Joon Ahn, "Chinese Politics and the Cultural Revolution"; Jurgen Domes, "China After the Cultural Revolution"; and Maurice Meisner, "Mao's China."

the need to restore order, rebuild the party and government administrations, promote urban and rural production, revitalize national defense, and reopen schools, universities, and scientific, cultural and research establishments. Peking's success in solving these problems over the next few years was limited, however, in part because of the massive size of China's problems and the limited resources available there, but also because of continuing sharp leadership conflicts.

THE LIN PIAO AFFAIR, 1969-71

As order was slowly restored in Chinese cities, and party and government administration was gradually rebuilt during 1968 and 1969, it became apparent that a group of Chinese military leaders headed by Defense Minister Lin Piao were exerting unusually strong influence in Chinese ruling councils. In particular, military leaders, who were providing local law and order in the Chinese provinces, gradually assumed important positions in the rebuilt party and government organs there. Based on their local power, their traditionally important positions in the Chinese central government in Peking, and the apparent active support they received from some leftist Chinese political leaders like Chiang Ching, PLA officers loyal to Lin Piao attained very strong political positions at the time of the 9th CCP Congress in April 1969.

Their positions were not unchallenged, however. Over the next 2 years, Chinese officials led by Chou En-lai and backed by such veteran military and civilian cadre as Yeh Chien-ying and Li Hsien-nien worked to reduce the military's dominance in Chinese politics. Disputes between the group around Lin and the officials allied with Chou tended to impede progress toward a resolution of China's serious domestic problems. Thus, for example, the two sides differed on such sensitive issues as:

(a) *Rehabilitation of veteran cadre who had been discredited during the Cultural Revolution.*—Chou generally favored the rehabilitation of these leaders, reportedly in the hope of using their talents to get China's administration and economy moving again and also to employ their abilities to counter the influence of Lin Piao's group, whereas Lin and his allies reportedly preferred the status quo;

(b) *PLA influence in Chinese party and government affairs.*—Chou's group generally favored more separation of the military from civilian political duties, whereas Lin and his colleagues supported the maintenance of the PFA's strong position in the party and government;

(c) *Military spending.*—Chou's group reportedly favored a cutback in military spending, hoping to focus China's scarce resources on economic development, whereas Lin's followers favored continued high military spending, both for large armies and the acquisition of modern weapons;

(d) *Foreign affairs.*—Chou favored a differentiated posture toward the two superpowers, hoping to use improved relations with the United States in order to offset growing Soviet pressure on China; Lin, on the other hand, favored a continuation of strong Chinese opposition to both superpowers.

Over the next 2 years, Chou and his allies managed to use

successes they engineered in Chinese foreign policy and in their programs for revitalizing the Chinese administration and economy to challenge and ultimately to destroy the power of Lin Piao. Lin died, reportedly in a plane crash, in September 1971. Subsequently, the power of PLA leaders in party and government affairs in China was reduced; military spending was cut back; and the civilian leadership—bolstered by the rehabilitation of such veteran cadre as Teng Hsiao-ping—was able to reassert its traditional dominance of Chinese military affairs. The highlight of this effort came in late 1973, when the Chinese party completed a transfer of all the major military leaders who had become entrenched in power in particular regions in China during the Cultural Revolution.

REFORMS UNDER CHOU EN-LAI, 1971-74

Following their success against Lin Piao, Chou and his colleagues began programs designed to reduce China's Maoist ideological preoccupations during the Cultural Revolution and to advance Chinese economic development and the material quality of life of the Chinese people. They turned away from the ideological campaigns begun in the Cultural Revolution which has diverted attention from more practical problems of economic development. They attempted to revive the use of certain kinds of material incentives in order to encourage workers to work harder—practices which had been strongly criticized by activists during the Cultural Revolution who judged that Maoist ideological incentives would suffice to motivate workers to work hard. They reopened universities and other institutes of higher learning and research, reduced the amount of time teachers and students spend on ideological studies, and revived standards which emphasized the importance of academic achievement and downplayed ideological criteria which had been prevalent during the Cultural Revolution.

These leaders supported programs which sent youth from the cities to the countryside to work with peasants. Such programs served to decimate the ranks of the increasingly moribund Red Guard organizations and to effectively reduce the likelihood of a repeat of the disruptive events of the late 1960's. At the same time, order and discipline were emphasized in urban factories, and managers were given more disciplinary power over their subordinates—a change from the practice during the Cultural Revolution when workers commonly halted production in order to organize impromptu "struggle" meetings designed to discredit managers in the eyes of the workers.

Chou's group also tried to revitalize China's economy by purchasing foreign technology—including whole plants—and it attempted to gain foreign exchange to pay for this technology by increasing Chinese exports. This policy was in apparent opposition to the ideological stress on self-reliance voiced by Chinese leaders during the Cultural Revolution. At the same time, Chou's group tried to broaden China's cultural life beyond the few selected "model works" fostered during the Cultural Revolution, and it advocated greater cultural interchange with foreign countries, including the "bourgeois" nations of the West. To manage all these changes—and presumably to strengthen their own leadership position—Chou and his supporters advocated a rehabilitation of hundreds of high-level Chinese leaders who had been discredited during the Cultural Revolution.

Some political leaders, whose careers had benefited from the Cultural Revolution and who had become closely identified with the ideological policies of that time, saw the return to pragmatism and the rehabilitation of veteran cadre as a threat to their leadership positions. These leftists—headed by the four Chinese Politburo Members now known as the "Gang of Four"—resisted the new policies of Chou En-lai's group in several ways. Their influence was felt in particular during massive political campaigns which spread throughout China in 1974 and again in 1976.

The campaign in 1974 focused ostensibly on criticizing the historical policies of Confucius, but in fact it was used by the leftists to attack the current policies of Chou En-lai and his group. Employing their control of some PRC propaganda media, the leftists made repeated allusions which compared Chou's policies with those of Confucius and denounced his programs stressing academic performance in education, material incentives, increased foreign trade and cultural exchanges, more social discipline and order, and the rehabilitation of veteran cadre.

Leftist attacks slowed the revitalization of China's material development, although Chou was able to win national support for his programs and to reassert China's primary goal of becoming a "modern Socialist nation" by the end of the century, during the National People's Congress of January 1975. But Chou's health worsened that year and his death in January 1976 prompted a revival of leftist efforts to curb pragmatic policies. The "Gang of Four" launched a major political campaign which succeeded in bringing down Chou's chief lieutenant, Teng Hsiao-ping, and in seriously complicating plans at that time to streamline and modernize the armed forces, increase foreign trade, promote academic excellence, and rehabilitate veteran cadre.

The death of Mao in September 1976 resulted in an apparently serious weakening of the political power of the "Gang of Four." During the ensuing struggle for power, the "gang" members and some of their followers were toppled from power by a diverse coalition of Chinese leaders, including some veteran military and civilian followers of Chou En-lai—like Yeh Chien-ying and Li Hsien-nien—and some younger leaders who had risen to power since the Cultural Revolution—like Hua Kuo-feng.

RECENT DEVELOPMENTS

Over the past 2 years, the PRC leaders have taken several major steps forward in meeting China's developmental needs—they have established the outlines of an economic plan for China's economic development up to 1985, begun efforts to increase capital investment in agriculture, light industry, and heavy industry, authorized wage increases for low paid workers, launched reforms in education and research designed to improve China's level of technical competence, restored discipline and fixed rules and procedures within Chinese party and government organs and in major economic enterprises, and begun a program to streamline and modernize Chinese fighting forces.

Most Western observers agree that China's prospects for successful development have been enhanced following the purges of Lin Biao and

the "Gang of Four," but many add that numerous problems continue to vex the PRC leadership and to complicate China's search for material progress. Indeed, the current Chinese leaders seem to remain far from unified over how China should proceed. Thus, for example, there is continuing division and antagonism between some officials who were criticized during the Cultural Revolution and subsequently rehabilitated, and some whose careers benefited from close association with the Cultural Revolution, Lin Piao, and/or the "Gang of Four." There is also strong disagreement between leaders who favor a continuing emphasis on Maoist ideology, along with programs for material progress, and those who judge that Maoist ideology is largely an impediment to greater material progress. Perhaps of more importance, China today remains a poor and still backward country with a massive population and only limited resources to spare in the drive for material progress. The PRC leaders are almost certain to have strong disagreements when they decide which of China's major competing needs—such as agricultural mechanization, light industry, and consumer products, steel production and transportation modernization, and military modernization—will receive priority for future development.

FOREIGN RELATIONS

The checkered development of Chinese domestic policy over the past decade has been mirrored to some extent by Peking's approach to foreign affairs during the period. The general trend in Chinese foreign policy has been to move away from the isolation and ideological self-righteousness which characterized Peking's posture during the Cultural Revolution to a more pragmatic, conventional diplomatic approach designed to strengthen and protect China's vital interests in Asian and world affairs. China's progress in foreign affairs has been greater than its accomplishments in domestic policies, with a particularly crucial development being the Sino-American reconciliation begun during President Nixon's February 1972 visit to China—the most important breakthrough in modern Chinese foreign policy. However, progress toward pragmatism in foreign affairs has been periodically slowed and halted over the past decade by the same kind of leadership disagreements and conflicting interests which have plagued Chinese domestic affairs.³³

ISOLATION DURING THE CULTURAL REVOLUTION

In the mid 1960's, Chinese foreign policy was marked by acute isolation, stemming in large part from the negative impact of the Cultural Revolution on the conduct of Peking's foreign policy. Provocative Chinese diplomatic behavior, particularly in 1967 and 1968, severely weakened China's international stature and isolated it from many of an already limited number of foreign friends. Toward many neighboring states in Asia, for example, Peking adopted an attitude of self-righteous hostility and disdain, and thereby severely alienated several previously friendly states including Cambodia,

³³ Some recent Western analyses of Chinese foreign policy since the Cultural Revolution include A. Doak Barnett, *China and the Major Powers in East Asia*; Harold Hinton, *Three and a Half Powers: The New Balance in Asia*; John Gittings, *The World and China*, and Robert Sutter, *China-Watch: Toward Sino-American Reconciliation*.

Nepal, Ceylon, and Burma. Even Peking's Communist neighbors, North Korea and North Vietnam, were cool toward the PRC, while continued intense Chinese hostility toward both the United States and the Soviet Union insured a persisting freeze in PRC relations with the two superpowers. Prospects for an improvement in Chinese foreign relations at this time appeared limited, inasmuch as Chinese leaders showed little interest in foreign developments or even in the restaffing of the Chinese foreign ministry apparatus which had been decimated by Red Guard attacks during the Cultural Revolution.

ORIGINS OF A NEW APPROACH TO FOREIGN AFFAIRS

The August 1968 Soviet incursion into Czechoslovakia and Moscow's concurrent formulation of the so-called Brezhnev doctrine of limited sovereignty demonstrated to the Chinese that Moscow might be prepared to use its overwhelming military superiority in order to pressure, and even to invade, the PRC. The Sino-Soviet border clashes of 1969 increased Peking's concern over the Soviet threat. In response, Chou En-lai and his supporters made a major effort in 1969 to broaden Peking's leverage against the Soviet Union by ending China's international isolation. In this pursuit they utilized conventional diplomacy and softened the ideological shrillness characteristic of Chinese foreign policy during the Cultural Revolution.

Because of Moscow's massive power, Peking realized that improving diplomatic relations with most countries would be of relatively minor significance in helping China with its pressing need to offset the U.S.S.R. In East Asia, only the other superpower, the United States, seemed to have sufficient strength to serve as an effective deterrent to Soviet pressure. Moscow in the past had shown uneasiness over signs of possible reconciliation between China and the United States. Thus, the Chinese leaders were aware that they held an important option: They could move closer to the United States in order to readjust Sino-Soviet relations and form a new balance of power in East Asia favorable to Chinese interests.

While the Chinese faced increasingly heavy Soviet pressure in 1969, the newly installed Nixon administration was beginning policy initiatives designed to pull back American military forces from Asia and to reduce U.S. commitments along the periphery of China. It was soon apparent that the so-called Nixon doctrine of gradual troop withdrawal was perceived favorably by Peking. The Chinese leaders saw the American pullback as solid evidence of the Nixon administration's avowed interest in improved relations with China. They also viewed it as a major opportunity for China to free itself from the burdensome task of maintaining an extensive defense network along China's southern and eastern borders against possible U.S.-backed armed incursions. Peking now saw greater opportunity for China to spread its own influence in neighboring East Asia as the United States gradually retreated. Primarily on the basis of these two factors—a need to use Sino-American rapprochement to offset Soviet pressure on China and a desire to take advantage of prospects opening for the PRC under terms of the Nixon doctrine in Asia—Peking agreed to receive President Nixon and to begin the process of normalizing Sino-American relations.

LEADERSHIP DIFFERENCES OVER FOREIGN POLICY

The logic of this new pragmatic approach—which was to provide the foundation of Chinese foreign policy in the 1970's—was not universally accepted by Chinese leaders. Lin Piao and some of his military allies reportedly resisted Chou En-lai's initiatives in foreign affairs, in part because the successful implementation of Chou's program would raise the political stature of Chou and his supporters at the expense of Lin and his group, and would also reduce the need for large-scale military spending as the primary means to guarantee China's security. Lin's group was joined for a time by leftist political leaders such as Chiang Ching, who favored a stringent ideological posture in foreign affairs and opposed in particular Peking's new flexibility toward its former main adversary, "U.S. imperialism."

The effectiveness of Chou's program in offsetting the Soviet threat to China and in broadening Chinese international appeal served to neutralize much of the opposition within the Chinese leadership. By the early 1970's, Peking had rapidly expanded diplomatic contacts and improved relations with many nations. The Chinese advance was highlighted by Peking's entrance into the United Nations in October 1971, President Nixon's visit to China in February 1972, and the normalization of Sino-Japanese relations during Prime Minister Tanaka's trip to China in September 1972.

Lin Piao and his allies were removed in late 1971, but the leftist Chinese politicians headed by the "Gang of Four" occasionally rose to resist and reverse pragmatic programs in foreign affairs in general and in Sino-American relations in particular. Most notably, as part of their attack on Chou's policies during the anti-Confucius campaign in 1974, the leftists harshly criticized—on ideological grounds—the allegedly corrupting influence on Chinese society of foreign music, films, and other cultural works. This served to curb what had been an active Chinese interest in developing cultural exchange with foreign countries, including the United States. They criticized Chinese trade with capitalist countries, with propaganda claiming that such trade would break the Maoist precept on Chinese economic self-reliance and would make China dependent on "imperialism"—a line which acted to dampen Peking's interest in increasing trade with the West.

The anti-Confucius campaign also led to an intensification of Sino-Soviet hostility. Not only did Peking media greatly expand harsh ideological polemics against the Soviet Union, but the Chinese—for the first time since the Sino-Soviet border clashes of 1969—publicized the arrests of alleged Soviet "spies" in the PRC. Peking gave extensive publicity to the arrest in January 1974 of Soviet diplomats in the Chinese capital and the arrest in March of that year of a Soviet helicopter crew which had landed in Sinkiang near the Sino-Soviet border. The diplomats were promptly expelled from China, leading to a quick close to that incident. But Peking decided to detain the Soviet helicopter and its crew, resulting in an exchange of sharply worded Sino-Soviet protests which marked a downturn in the already poor Sino-Soviet relationship.

Chinese relations with the United States fell prey to the anti-Confucius campaign in various ways. Peking was obviously less interested in cultural exchange and trade with the United States. Polemical

Chinese media criticism of U.S. "oppression" at home and "imperialism" abroad also increased sharply. Peking at the same time adopted an unusually strong, militant stand on the sensitive Taiwan issue, going so far as to warn in shrill language that China was prepared to launch a military strike across the Taiwan Straits.

RECENT CONCERNS

A similar ideological hardening in Chinese foreign policy took place when the leftists briefly gained power in Peking in mid 1976, but since the removal of the "Gang of Four" late that year, Chinese officials have been preoccupied largely with pragmatic efforts to protect China's security interests in world affairs, especially against perceived threats from the Soviet Union. Peking has worked to offset suspected Soviet "expansion" in Asian and world affairs by fostering an "anti-hegemony united front" led by China and other developing Third World countries and including developed Western countries—even the United States, whose interests are directly threatened by Soviet "hegemonism."

As was discussed in detail in a previous section of this report, Chinese leaders have shown special concern in recent years over U.S. ability and willingness to work with China in offsetting what Peking sees as Moscow's growing ambition for world domination. Peking has noted that the United States has tended to "appease" rather than resist the U.S.S.R. over such sensitive issues as SALT, disarmament in Europe, East-West trade, and Soviet policy in Africa.

A perceived decline in U.S. strength, coupled with a growth in Soviet power, has also intensified longstanding Chinese fears of Soviet efforts to "encircle" China in Asia. Most recently, PRC leaders, especially Vice Premier Teng Hsiao-Ping, have claimed to see Moscow heavily involved in Vietnam's alleged efforts to dominate Indochina, and they have accused the Soviets of having established military bases in Vietnam for the purpose of "encircling" China and of controlling sea lanes important to the United States, Japan, and China.

Other difficulties in current Chinese foreign policy focus on conflicting goals in China's foreign plans and Peking's limited military and economic power. Thus, for example, Peking on the one hand stresses that it wants the United States to remain strong against the Soviet Union in East Asia, and yet on the other hand it continues to vocally support North Korea's demands for a complete American military withdrawal from the strategic Korean Peninsula. China exerts great efforts to reassure its non-Communist neighbors, who have long been suspicious of Chinese intentions, but it also continues to support Maoist parties which lead armed insurrections against some of those governments, supports the rights of Overseas Chinese in these areas, and reasserts territorial claims which infringe on the holdings of some of these nations—policies which clearly upset the non-Communist Asian states. China's current program for military modernization also seems likely to alarm neighboring Asian states, who fear a major expansion in Peking's heretofore limited ability to reach militarily beyond its borders.

In Africa and the Middle East, China's problems have focused on its inability to match massive Soviet shipments of military and other

aid to the area—a development which has made Peking all the more vocal in urging the United States and other Western countries to actively compete with Moscow in these regions. China has also been trying to persuade Western European nations and Japan to reduce their trade with the U.S.S.R., and has held out in this regard the “China market” as a possible alternative to that of the U.S.S.R. With the exception of Japan, however, Peking has thus far avoided signing trade contracts with these countries which could even come close to compensating them for reductions in their trade with Moscow.

APPENDIX A

CHINA ITINERARY

July 3, 1978—Shanghai

- 06:40 a.m.: Arrival at Shanghai International Airport. Met by Mr. Li Chu-wen, Deputy Director, Foreign Affairs Bureau, Shanghai Municipal Revolutionary Committee.
- 20:00 p.m.: Banquet hosted by Deputy Director Li, accompanied by staff of Foreign Affairs Bureau.

July 4, 1978—Shanghai

Visit to Shanghai General Petrochemical Complex, in suburban Chin Shan, on Hangchow Bay. Host: Kung Chao-juan, director.

Visits to: Kindergarten, No. 1 acrylic plant, workers housing area, hospital.

July 5, 1978—Shanghai

- 08:30 a.m.: Visits to the Yu Gardens. Host: Shih Chuang, leading member, Revolutionary Committee of the Gardens.
- 14:30 p.m.: Shanghai Dance Institute. Host: Sun Kun, president.
- Dance exercises.
- Scene from the play, "The Dying Tree Comes to Life."
- 19:00 p.m.: Performance of Shanghai Philharmonic Orchestra.

July 6, 1978—Shanghai to Peking

- 08:30 a.m.: A. Visit to "July 1" Commune, suburb of Shanghai. Host: Ms. Rui, Director of General Affairs.
- B. Visit to Shanghai Arts and Handicrafts Research Institute. Host: Wang Tzu-kan.
- 13:20 p.m.: Departure for Peking—Civil Aviation Authority of China (CAAC).
- 16:00 p.m.: Visit to Pei Hai Park.

July 7, 1978—Peking

- 09:00 a.m.: Meeting with Mr. Wang Jun-sheng, Vice Minister of Foreign Trade.
- 14:00 p.m.: Visit to the Forbidden City (Palace Museum).
- 16:00 p.m.: Meeting with Ambassador Hao Teh-ching, President of the People's Institute of Foreign Affairs.
- 19:00 p.m.: Banquet hosted by Ambassador Hao and staff, including Chu Chichen, Deputy Director of American and Oceanic Affairs.

July 8, 1978—Peking

- 07:30 a.m.: Breakfast briefing at U.S. Liaison Office, Ambassador's residence. Ambassador and Mrs. Woodcock and staff: Bill Thomas, Economic Counselor, Stapleton Roy, DCM, and Richard Bock, Counselor.
- 09:30 a.m.: Meeting with Dr. Chiu Pei-yuan, vice president of the Academy of Sciences, current president of Peking University, acting president of Science and Technology Association.
- 11:00 a.m.: Visit to underground shelter. Host: Mr. Kao, Chairman of the Air Defense Works of Tah Sha Lan St.
- 14:00 p.m.: Visit to Peking University. Host Dr. Chang Lung-hsiang, professor of biochemistry.
- 19:00 p.m.: Cultural performance, Nationalities Palace of Culture.

July 9, 1978—Peking

- 08:15 a.m.: Visit to Memorial Hall of Chairman Mao, Tienanmen Square.
 10:00 a.m.: Meeting with Senior Vice Premier Teng Hsiao-ping (Great Hall of the People).
 —Ambassador Hao Teh-ching.
 —Mr. Wang Hai-jung, Vice Minister, Foreign Affairs.
 —Mr. Hsieh Li.
 —Mr. Chu Chi-chen.
 —Mr. Fan Kuo-hsiang, Deputy Division Chief.
 13:00 p.m.: Visit to Great Wall.
 19:00 p.m.: Delegation banquet for Chinese hosts. Guests include: Ambassador and Mrs. Woodcock, Ambassador Hao Teh-ching and staff.

July 10, 1978—Peking to Sian

- 13:10 p.m.: Departure for Sian via CAAC flight.
 17:00 p.m.: Visit to Wild Goose Pagoda (Ming dynasty).
 19:00 p.m.: Banquet. Host: Mr. Chang-tse, vice chairman, Revolutionary Committee, Shensi Province, Mr. Lu Mai, Director, Foreign Affairs Bureau, and Mr. An Wei, Foreign Affairs Bureau.

July 11, 1978—Sian

- 08:30 a.m.: Visit to Chiao Tung University (Communications). Host: Mr. Chuang Li-ting, vice president of the university.
 15:00 p.m.: Visit temple baths and archeological site.

July 12, 1978—Sian to Canton

- 08:30 a.m.: Depart for airport, CAAC.
 09:00 a.m.: Flight to Canton (1 stop)—lunch at Chairman Mao's birthplace.
 14:30 p.m.: Arrive Canton.
 16:00 p.m.: Tour of Canton waterfront and financial district.
 19:00 p.m.: Welcoming banquet. Host: Mr. Chu Shao-tien, Vice Chairman for Foreign Affairs, Canton Province.

July 13, 1978—Canton to Hong Kong

- 08:30 a.m.: Train to Hong Kong border.
 11:00 a.m.: Cross Hong Kong border, Sum Chun Railroad Station. Met by: Consul General Shoesmith and staff.
 12:07 p.m.: Arrive Hong Kong, Kowloon Station.

July 14, 1978—Hong Kong

- 08:30 a.m.: Debriefing at U.S. consulate by Consul General Shoesmith, D.C.G. Burton Levin and staff.
 13:00 p.m.: Working luncheon at Government House. Host: Acting Governor Sir Denys Roberts.

July 15, 1978—Hong Kong to Washington, D.C.

- 08:30 a.m.: Breakfast with U.S. Chamber of Commerce, Hong Kong. Host: Mr. Michael Emmons, president (in absentia).
 10:30 a.m.: Press conference.
 12:00 n.: Leave hotel for Kai-Tak Airport.
 13:00 p.m.: Wheels up for Washington Andrews Air Force Base.
 21:30 p.m.: Arrival at Andrews Air Force Base.

APPENDIX B

DELEGATION PRESS CONFERENCE IN HONG KONG

July 15, 1978

Mr. PHILLIPS [Consul General's staff] Ladies and gentlemen, Welcome. I apologise for cramming you in such a small room but, unfortunately, it's the only one we could get. It's my pleasure this morning to introduce to you the Consul General, Mr. Thomas Shoesmith.

Mr. SHOESMITH [U.S. Consul General] I'm sure that the Honorable Lester Wolff needs no introduction to you all. He is a very familiar figure in this part of the world—both as a businessman and as a member of our Congress—and most particularly as Chairman of the Asian and Pacific Affairs Subcommittee of the House Committee on International Relations. In that capacity he and the other members of his Committee are playing an increasingly important role in the formulation of our foreign policy, most particularly in respect to Asia. Congressman Lester Wolff is also, as you know, the Chairman of the House Select Committee on Narcotics Abuse and Control. It's a pleasure for me to introduce to you Congressman Lester Wolff, Mr. Chairman.

Congressman WOLFF. Thank you very much, Mr. Shoesmith. I should like to first introduce the members of this mission—on my extreme right, Mr. Larry Winn of Kansas; seated next to him is Congressman Eligio de la Garza of Texas; seated over on the extreme left is Mr. Tennyson Guyer of Ohio; and seated next to him, Mr. James Mann of South Carolina and next to him, Mr. Charles Rangel of New York.

With the exception of Mr. Mann, all of us were on the recent mission to the People's Republic of China. We've just returned from 10 days in the PRC. The mission was most fascinating and we hope helpful in furthering mutual understanding on both sides.

Mr. Fountain, who will be with us shortly, was also a member of this group as well as Mr. Burke. Mr. Fountain of North Carolina and Mr. Burke of Florida.

All of the members of this group are members of the International Relations Committee, except Mr. Rangel, who is a member of the Ways and Means Committee.

You know—certainly no visit of 10 days or 11 days qualifies any group as experts on the policies or events of another nation. Although our mission included two members—Mr. Burke and myself—who first visited China two years ago, which gave us an opportunity for comparison. I think we are all united in our determination not to come out of China issuing any earth-shaking pronouncements.

However, I think we are equally united on a general sense of what our mission perceived to be certain trends in China which will bear close study in the weeks and months to come.

I refer specifically to what we feel can be called a sense of a "new realism" in China—on the part of her people and on the part of their leadership—concerning both domestic and foreign policy questions facing China at the present time.

While we discussed many issues with the Chinese, one area where we sensed a potentially important example of the new realism would appear to be on the question of Taiwan.

Let me state here very clearly that we do not feel that the basic Chinese position on Taiwan has altered regarding their perception of the need for U.S. adherence to the Shanghai Communique and the Three Points. Rather, our delegation sensed a new realism in terms of an emerging Chinese emphasis on seeking ways to settle the Taiwan question on a bilateral basis, between the Chinese themselves, in ways that are acceptable to the parties involved.

In this regard, the delegation sensed a growing Chinese willingness to discuss Taiwan's future with the Kuomintang on the basis of existing realities.

In our discussions on this issue, the historical fact was raised that twice in the past the Chinese Communist Party and the Kuomintang have come together and cooperated when it was in their common interest—first, during the time of Dr. Sun Yat Sen and the Northern Expedition, and again, toward liberation during World War II.

When coupled with the repeated instances of our delegation being told that the Chinese recognize what were termed the realities of the United States' involvement with Taiwan, our delegation emerged from the People's Republic with a definite sense of the sobering effects of the real, very real strategic and political problems facing China in the form of the Soviet Union, which they term the "Polar Bear", and what the Chinese as well call the Soviet Union's "Asian Cuba"—Vietnam.

Our general perception of China's "new reality" was reinforced by our visits to educational facilities, cultural institutions and factories alike. At institutions ranging from Peking University to a provincial technical university in Shensi Province, we heard the same themes—that the damage done during the stagnation of the cultural revolution, and solidified by the extremes of the "Gang of Four" have set China back years in scientific and technical education and research, and seriously retarded industrial production, modernization and growth.

Again and again, we heard the Chinese rightfully discuss their strengths, but frankly discuss their weaknesses, and indicate their desire for constructive suggestions from the West, particularly from the United States.

Again and again, we saw evidence that the new realism is leading the Chinese to be receptive to American technology and American expertise to help them overcome the lost decade of the cultural revolution and the so-called "Gang of Four."

This emerging realism is the most striking contrast between China today and that of two years ago, and is, we feel, a most favorable impulse toward normalization of relations between our two governments. While the Chinese remain determined to pursue self-reliance, they appear to be no longer adverse to making use of the best from other nations—a policy rooted in the Chinese tradition and which continued through the 1950's prior to the Sino-Soviet split.

In this respect, it is the delegation's opinion that the Chinese see their relationship with the United States as part of an overall strategic and political recognition of the realities, which they see as an increasing pattern of Soviet activity around the globe—from Angola to South Yemen, from Afghanistan to Ethiopia and Vietnam. This conflict with the Soviets is seen not as just part of an ideological battle with the Soviet Union but is perceived as an effort by the U.S.S.R. to dominate the entire world.

Hence, the Chinese see an improved relationship with the United States as being in the common interest of both countries.

Our delegation sensed that the Chinese do not desire the United States to play the normalization issue as just another "card" against the Soviets. Indeed, the Chinese seemed to be going out of their way to stress the common strategic and foreign policy interests that we share in confronting Soviet actions in the entire world arena.

What we are calling a new sense of "realpolitik" was particularly present during our discussions on U.S. relations with the Soviet Union, and we saw very little of the old rhetoric, despite what was basically a continued and very hard line concerning the Soviets.

A final comment in this regard: the Chinese continually warned us not to fall for what they termed a Soviet "bluff" on possible Sino-Soviet reconciliation, so seriously do they view the practical political and strategic long-term threat posed by the Soviets.

This apparent decline in ideological emphasis is, as I have noted, reflected in Chinese domestic matters as well. Not only did we sense a very real revulsion against the practices of the so-called "Gang of Four", which climaxed a decade of an ideological blanket which threatened to smother China; I think we also perceived a growing appreciation of the linkage between helping to maintain international peace, and the time China needs to grow internally.

No longer did we hear that war between the United States and the Soviet Union is, and here I quote, "imminent" and "inevitable" as was the constant theme some two years ago when I visited last. But this time we heard that if the United States maintains strong political and strategic posture in Asia, and Europe

and Africa as well, war is actually "postponable", perhaps for as much, they hope, as 25 years.

While this may well fall into the good news/bad news category, the delegation sensed that there, too, a sense of realism regarding China's interests and needs for the years ahead is beginning to emerge.

With this growing pragmatism, the delegation sensed that while Chairman Mao is still the dominant figure, he is being studied anew—if not being re-interpreted—for support for the new pragmatism. As I have indicated, our mission heard very little of the rhetoric which so pervaded the visit 2 years ago.

This time the only saying of Chairman Mao which was constantly repeated was Mao's injunction of "Let 100 flowers bloom, let 100 schools of thought contend." We were repeatedly told that this new rallying call is designed to permit constructive conflict of thought and ideas in order to stimulate the progress which the Chinese now frankly admit they must make.

Our delegation feels that the implications of this theme for what we are calling China's "new realism" should—if allowed to flourish—affect all aspects of China's life and policy, and substitute a return to a discipline practised before the cultural revolution for the anarchy of the Red Guards of recent years.

So to conclude this brief summary of our impressions, I would say that it is our sense that a flourishing growth—under this strict control of the party, of course—is precisely what the leaders of China hope for their people as this huge and great nation moves to take its place in the world.

While in China, our delegation met with many officials, including Vice Premier Teng Hsiao-p'ing; Vice Foreign Minister. Wang Hai-jung; Mr. Wang Jun-sheng, Vice Minister of Foreign Trade; Ambassador Hao Teh-ch'ing, President of the Chinese People's Institute of Foreign Affairs; Dr. Chou P'ei-yuan, Vice President of the Academy of Science and President of Peking University; and many other individuals and provincial authorities who gave graciously of their hospitality, time and views.

Thank you, gentlemen. And now we should like to invite questions—we don't claim to be China experts, we claim to be China students.

QUESTION. Mr. Congressman, you said that China is willing to negotiate anew with the KMT—have you got any substantial information on this?

Mr. WOLFF. The statement that we made was that China has twice before come together with the KMT and there is no reason to believe—they indicated—that they could not come together once again.

QUESTION. Mr. Congressman, did the Chinese raise—bring up—this history of their previous cooperation with the KMT or did you bring it up in your discussions?

Mr. WOLFF. They were the ones that introduced it.

QUESTION. Mr. Congressman, did they say they were willing to talk to the KMT?

Mr. WOLFF. The only point that was made was that—the statement that I've made before—that they have had a previous history and they see no reason why this previous history could not be repeated.

QUESTION. Mr. Congressman, which official made that statement?

Mr. WOLFF. I would prefer not to identify the official, but to say that it is a very high ranking official at the People's Republic of China.

QUESTION. Have you got any indication that there's going to be negotiations between the two parties?

Mr. WOLFF. I have no indications of that at all. I will have to stand on the statement that I've just made—I do not want to draw any implications from that.

QUESTION. Mr. Congressman, you said that your delegation sensed the growing willingness to discuss Taiwan's future with the KMT—is it just the fact that they mentioned that they had spoken with the KMT twice before or was there anything else that led to this reasoning?

Mr. WOLFF. This was brought up several times during our discussions.

QUESTION. They actually said that they are willing in the future to discuss the matter with the KMT?

Mr. DE LA GARZA. I asked the question of one of the officials—why do you not—the brothers on the Mainland and the brothers on the island of Taiwan—settle the difference without involving us, the United States.? Why don't you settle—if you say that this is an internal matter, why don't you handle that and separate it from your normalization of relationship with us? His statement was—among other things—twice before we have worked together, we have been adversaries—haven't worked at times—but twice before we have worked together; there is no official communication and there has been no official communication

with Taiwan, but you cannot rule out a third time. That was the statement.

QUESTION. Would you like to see the United States Government encourage Taiwan and its officials to carry out this discussion?

Mr. DE LA GARZA. I accept the fact that this is an internal matter for them to decide.

QUESTION. So the United States Government encourages Taiwan to participate?

Mr. DE LA GARZA. I accept the fact that it's up to Taiwan and the Mainland to decide whether they want to discuss or not.

QUESTION. Mr. Congressman, last year you had the idea of a possible referendum for residents on Taiwan—did you have this idea—or did the Chinese raise this idea with you or did you raise it with them?

Mr. WOLFF. We did not raise it, but it has been the policy—the United States policy—for a number of years for the people who are residents of a particular area to make their own determination; we certainly do not want to interfere in the internal affairs of another nation.

QUESTION. Have you any reaction of the PRC in Washington to that idea?

Mr. WOLFF. No. I have not.

QUESTION. Mr. Congressman, you said that it is a matter of possible negotiations with Taiwan—Mr. de la Garza has just mentioned one instance—what was the other instance—what was the nature of the other instance?

Mr. WOLFF. It was volunteered by the people we spoke to at several points in our discussions that this was—once in response to a question if I recall it, a question as raised by Mr. de la Garza, but the other times it was raised voluntarily and independently.

QUESTION. In the same form that you've talked to them before that they might be able to talk to them again?

Mr. WOLFF. Yes, I would say so—not only talk to them before—

QUESTION. In a single conversation or once in several conversations?

Mr. WOLFF. It was raised several times in a single conversation.

QUESTION. They never said anything that, well, we've talked to them before but clearly “those murderers on Taiwan,” or something like that, to start in a position to talk to us—

Mr. WOLFF. Not—to the contrary it was, as I indicated before, there was none of the rhetoric that we heard before about the “murderers” and what-have-you. In fact, it was mentioned that at the time they got together during the Japanese occupation there had been a great amount of killing by the KMT, however, the—some of the people of the KMT went to school with some of the leaders of China, so the KMT was mentioned in a much more conciliatory frame. I would say that they were harder on the “Gang of Four” than they were on the people of Taiwan.

That's right.

QUESTION. Did they actually express any willingness to conduct such talks with the KMT?

Mr. WOLFF. I'm sorry.

QUESTION. Did they actually express any willingness to conduct such talks?

Mr. WOLFF. I don't think we can go further than to repeat what has been said on this in the fact that it was they who raised the point—we did not raise this point with them; and regardless of how the question is framed, I can only give you the answers they gave to us and that have already been indicated by several of the members here.

QUESTION. Mr. Chairman, what have you to say to the contention—we're out of the way—with the three conditions that their job would be much easier for them to handle?

Mr. WOLFF. I must indicate that there was a very strong admonition and a very strong statement that was made that does not rule out by any means the ultimate use, if necessary, of force to reunite the Mainland and Taiwan. They would not rule that out as an alternative.

QUESTION. Did the question of U.S. arms sales to Taiwan come up? And in what way?

Mr. WOLFF. It did come up and there was a statement made that if U.S. planes were sold to Taiwan it would interfere with the negotiated settlement of the Taiwan issue.

QUESTION. They are talking about sales of U.S. planes to Taiwan now or after normalization?

Mr. WOLFF. Well, if they do not want it now, they surely would not want it later on. But the fact still remains that they did make a point of the question of the plane sales that are talked about. They did not mention third party planes sales at all, however.

QUESTION. Did you people talk about Vietnam at all?

Mr. WOLFF. Yes, we did talk about the question of Vietnam. Does anyone here want to address themselves to that? None of my colleagues will—I will try to. They call Vietnam the “Asian Cuba”. And indicated that Vietnam was strongly controlled by the Soviets and that the Soviets were using Vietnam defense facilities.

QUESTION. Some of the local press here in Hong Kong suggested that if the Soviets made missile bases in Vietnam, did the Chinese indicate to you whether the Soviet military presence there was a threat?

Mr. WOLFF. They did not—the only thing they did indicate to us was that the Soviets were making use of defense facilities in Vietnam—they did not elaborate, however. Excuse me, I think the gentleman over there had a question.

QUESTION. How would you characterize the mood over Vietnam?

Mr. WOLFF. Their mood over Vietnam? I think certainly not one of fear, but one of great concern. In fact, it was in response to part of the discussions on Vietnam itself, a statement was made that so far as Vietnam is concerned, as part of a Soviet encirclement plan, that the PRC—the People's Republic of China—was, has been encircled many times, but they have always broken through the encirclement.

QUESTION. Some American diplomats have suggested the falling out between China and Vietnam provides the U.S. with the golden opportunity to go ahead and normalize relations with Vietnam. Did you sound out the Chinese how they feel if they suddenly made up with Hanoi?

Mr. WOLFF. We did not specifically ask that question because as we don't want to interfere in their relations, we don't want them to interfere in our relations. But I think that from the tone that was evidenced by their concern over Vietnam, which they indicated was trying to creep into ASEAN and undermine ASEAN, that it would at present time have an impact upon our relations with them.

Tenny, do you want to take that question?

Mr. GUYER. I think that in our conversations with various people even as late as this morning before I came to breakfast, that they're very near to normalization with us and they very dearly want to narrow that gap, but it's a matter of stalemate over the missing persons situation that really holds them back; and I think it's almost like a change of prisoners if each would start to cross the bridge. It might be accomplished, but there has to be evidence of goodwill or this will never happen. I don't think that the United States Congress is going to approve stopping the embargo until they make some other gestures to finalize and give a full and accurate accounting of those who are still missing, which is now less than 500. I think the last figure I saw was 487—we still have as prisoners of war or missing in action, and then there are 1,300 known dead but not recovered. Some gesture of finalization in that area would bring normalization very close.

QUESTION. Congressman Guyer, could you give us a sense of whether normalization in Vietnam might jeopardize normalization with China?

Mr. GUYER. No, I don't think that that kind of conclusion should be drawn because just as Mr. Wolff said they are very adamant about us staying out of their other relationships and they do not pretend they're into ours.

QUESTION. Congressman, did you get any sense what their attitude is at the moment for us leaving a trade office, an official trade office in Taiwan after normalization or else putting out a unilateral statement about the need of maintaining peace in the Taiwan straits?

Mr. WOLFF. Not as such except that with a peaceful transition that the United States could, if we just look at the Japanese situation as an example, that the United States could maintain its normal non-governmental relationships with Taiwan.

QUESTION. Congressman, could you give an estimate or appraisal of the relative degrees of Chinese concern with Vietnam, with regard to the Soviet Union, and in regard to the problem of Vietnam/Chinese, with regard to Cambodia—sort of evaluate the relative degrees?

Mr. WOLFF. I think there is very serious concern over what is happening in Vietnam and the Vietnam/Cambodian situation. But I think that the—both they and the world are somewhat overreacting to the Vietnam/Cambodian conflict because it is not anything that's new. This has gone on for centuries. A conflict between Vietnam and Cambodia. The rivalries and the intense difficulties that have existed, have existed now for centuries and the rage back and forth there has always gone on. We in the Congress are very concerned with what's happening in Cambodia, the fratricide if you want to call it that, that has taken place, the mass killings that have taken place there and Congress has expressed great concern for the welfare of the people of Cambodia.

The Chinese—I do not think—feel the situation in Cambodia versus Vietnam is as critical to them as the Soviet intrusion into Vietnam, which gives the Soviets a base of operations, as they put it, for further activity in that area, and for the Soviets to be able to maintain a position of being able to interfere with trade through possible naval bases, and supply of energy to Japan as well. They voiced serious concern over the pattern that is emerging of Soviet moves in various places where coups have occurred and regimes that are favorable to the Soviet Union have been set up.

QUESTION. Congressman, did you ask them if they are really serious about evacuating Chinese from Vietnam and if so, how many people they estimate they might take out of Vietnam?

MR. WOLFF. This question was not discussed.

QUESTION. Mr. Wolff, did they betray any concern such as has been voiced by the Left Wing Chinese press in Hong Kong, that Taiwan might in some future situation seek an understanding with the Soviet Union?

MR. WOLFF. They indicated a contrary position. They indicated when one of our members raised the question as to whether or not an accommodation or actually a take-over or some sort of basing of Soviet facilities on Taiwan, they said they are anti-Communist as well on Taiwan, therefore they could not see the accommodation being reached by the Taiwan Government and the Soviets.

One final question.

QUESTION. Congressman, did you discuss with official Americans in Taiwan or here or Peking what you have been told what the Chinese have raised about their past history of cooperation with Taiwan? And how significant did they take what you have been told?

MR. WOLFF. First of all I can say that we did give them the same type of report that we are giving to you. We gave them the report first however, instead of coming to the press first, and I cannot speak for our China watchers except to say that they were interested in what we found out.

QUESTION. Thank you, Mr. Chairman.

APPENDIX C

TENG HSIAO-PING INTERVIEW WITH JAPANESE JOURNALISTS

(By Correspondent Kondo)

PEKING, Sept. 6.—Vice Chairman Teng Hsiao-ping, at a September meeting with visiting Japanese senior editorial writers including Junndsuke Kishida of Asahi Shimbun, expressed his frank views on the Japan-China relations and other general international issues such as the Sino-U.S. normalization issue and the worsening PRC-SRV relations, particularly noteworthy were his remarks which seemed to verify recent exchanges between the United States and China on the Taiwan issue.

Vice Chairman Teng said that China is paying attention to the fact that the United States lately has been taking a somewhat more positive attitude over the normalization issue. However, he hinted that there is no clear prospect yet as to the time of normalization. The reason is that the Taiwan issue still remains the only major obstacle to the normalization of relations between the United States and China. Concerning the liberation of Taiwan, China has consistently been taking the position that it is "China's domestic affair and no foreign countries are allowed to interfere." It has been insisting that the method of Taiwan's liberation will be determined by China, and that no third country should meddle in it.

In his remarks Teng disclosed that the United States had proposed that "China pledge itself not to liberate Taiwan by force of arms in return for the U.S. acceptance" of the three-point Chinese demand for the normalization of the U.S.-China relations—(1) abrogation of the U.S.-Taiwan Mutual Defense Treaty; (2) withdrawal of the U.S. military forces from Taiwan; and (3) severance of the U.S.-Taiwan relations. China, Teng disclosed, resolutely rejected the proposal because the Taiwan issue is China's domestic problem and the method of its liberation will be decided by China.

He indicated that China has not given up the use of armed force as a means to liberate Taiwan by saying that "if we should pledge not to use the force of arms, it would become a major obstacle to the unification of our country. It would allow Taiwan to behave more arrogantly. It would even make the unification by peaceful means—by talks—difficult."

At the same time, he said that "we let the United States know that we will resolve the Taiwan issue by an appropriate formula based on realities." Thus, it is noteworthy that while holding on to the use of military force as the last resort for Taiwan's liberation, China actually desires the liberation by peaceful means.

Following is a summary of Vice Chairman Teng's remarks:

U.S.-CHINA RELATIONS

We are paying attention to the fact that the United States has been taking a somewhat positive attitude but it is very difficult to say when (the normalization) will be realized: Our position is clear, the Taiwan issue is the only obstacle. In order to resolve the Taiwan issue, China made a three-point demand—that is, (1) abrogation of the U.S.-Taiwan Mutual Defense Treaty; (2) withdrawal of the U.S. military forces from Taiwan; and (3) severance of the U.S.-Taiwan diplomatic relations—while the United States has presented many formulas. One of them is the "reverse liaison office formula" (calling for the establishment of liaison offices in Taipei and Washington instead of the present system of the liaison offices in Peking and Washington, and for embassies in Peking and Washington). Another U.S. formula calls for a Chinese pledge not to liberate Taiwan by force of arms in return for the U.S. acceptance of the three-point Chinese demand, China clearly rejected both.

We let the United States know that when we resolve the Taiwan issue, "We will resolve it by an appropriate formula based on Taiwan's realities." At my meeting with a U.S. delegation which visited China recently, I said that "If we should pledge ourselves not to use the force of arms to liberate Taiwan, it would become a major obstacle to the unification of our country." Such a pledge would even make it impossible to hold peaceful talks on the unification of the country. We want the United States to consider this point.

How Taiwan should be liberated is China's domestic issue and no one is allowed to interfere. However, we have told the United States that, in resolving the Taiwan issue, we will use an appropriate method of agenda realities. For the U.S.-China normalization, the Japanese formula is preferable. That is (the United States and Taiwan) should cut off all "official" relations between them, leaving nongovernmental relations including private trade to continue.

ARMS BUILDUP AND DISARMAMENT

Following the U.S. signing of the third agreement (regarding the strategic arm limitation) with the Soviet Union in Vladivostok, then Secretary of State Kissinger flew to Peking to brief us on the content of the U.S.-Soviet talks. He said that neither the United States nor the Soviet Union could restrain the other side. I said to him: "Your two countries might as well continue the arms race." As chairman Mao Tse-tung said. A future war will not necessarily be a nuclear war. When nuclear weapons are available in large quantities, no one can recklessly trigger a nuclear war. When a new war comes, it will probably be a war fought with conventional arms, therefore, while the West has neglected conventional arms, the Soviet Union has carried out mass production of these weapons as well as nuclear weapons. As a result, the Soviet Union now has more conventional weapons than the United States and European countries combined. It is impossible to curb the arms race with the help of atmosphere (Funiki) or a disarmament agreement. However, there is no thing like a buildup of one nation's self-defense capabilities to arouse another country.

(Regarding China's participation in a reorganized world disarmament committee) China has yet to study the problem. If disarmament should occur, the United States and Soviet Union should carry it out. It is not necessary for China or Japan to do so, as for nuclear weapons, we do not need many—just enough to return a strike, if money from the arms race is saved, it should be spent to improve people's living standard.

THE VIETNAM ISSUE

China didn't drive Vietnam into the Soviet camp. We gave Vietnam \$20 billion in aid; nevertheless, Vietnam joined the Soviet camp a long time ago. The Soviet Union should now shoulder this burden (aid to Vietnam) alone. Vietnam had effectively been utilizing Sino-Soviet relations; now that China has quit Vietnam, Vietnam will have only the Soviet Union to depend upon and, the longer it does so, the more problems it will have.

The Soviet Union ships military supplies to Vietnam but cannot afford to give it enough daily necessities. Therefore, it made Vietnam join the CEMA (Council for Mutual Economic Assistance) so as to put the economic burden on other member nations. Furthermore, the U.S.S.R. egged Vietnam on to beg things from the United States, European nations and Japan.

There is a basic difference between the Soviet Union's unilateral discontinuation of aid to and technical cooperation with China, and China's complete cessation of aid to Vietnam. While the Soviet loan to China was onerous, the Chinese aid to Vietnam was mostly gratuitous—it had a low interest rate and we are not even pressing Vietnam to pay the balance.

Regarding Japan's economic aid to Vietnam, Teng said: It is a waste of money, if Japan is willing to spend money, well no one can keep it from doing so."

THE KOREAN QUESTION

The present tension on the Korean Peninsula is not very great. Peaceful, independent unification is the reasonable formula for the reunification of Korea, and we respect the Park position. Western media report that relations between the Soviet Union and North Korea are good, but I do not agree with these reports. Soviet influence over North Korea is limited. At present, the Soviet Union is attempting to make contacts with South Korea (the ROK), but China is not considering it (any exchanges with the ROK).

DOMESTIC ISSUES

The living standard of the people should be improved. Even if the living standard improves in China, a bourgeoisie will not be created because all individual incomes are limited. There are no such things as privately owned cars or privately owned dwellings in our society. Even if the four modernizations are completed, it will not mean that China has become an affluent country, even when the modernization programs have been completed at the end of this century, the living standard of our people will still be lower than that of Japanese people because China has such a large population. A larger population creates more problems.

APPENDIX D

SELECTED PRESS CLIPPINGS

[From the Washington Post, July 16, 1978]

PEKING WILLING TO TALK WITH TAIWAN

(By the Washington Post Foreign Service)

U.S. CONGRESSMEN TOLD OF SHIFT

HONG KONG.—In a major shift of tactics, China's senior Communist leaders have told a group of visiting U.S. congressmen that they are willing to negotiate directly with their Nationalist Chinese rivals over the future of Taiwan.

The statements made by Vice Chairman Teng Hsiao-ping, the second ranking member in Peking's hierarchy, and other top officials seem to be the most conciliatory toward Taiwan President Chiang Ching-kuo's Nationalist government in recent years.

They were reported by a U.S. congressional delegation, led by Representative Lester Wolff (D-N.Y.), which returned here from China yesterday.

Although negotiations between Taiwan and the Peking government remain unlikely, the statements indicate a new Chinese willingness to moderate harsh anti-Chiang public remarks of the past and try to swing American public opinion in Peking's favor.

CHINESE SHIFT ON TAIWAN

Wolff said the Chinese reminded the nine visiting congressmen that the Communist Party and the Kuomintang (Nationalist Party) had cooperated twice before, during a campaign to defeat local warlords and unify the country in the 1920's and during the war against Japan in the 1930's and 1940's.

"There has been no official contact with Taiwan, but you cannot rule out a third time," Representative Eligio de la Garza (D-Tex.) quoted one high Chinese official as saying.

At a press conference here, Wolff emphasized that the Chinese also made a "strong statement" that did not "rule out by any means the use of force in liberating Taiwan." The Peking officials also showed no sign of retreating from their demand that Washington cut off diplomatic relations with Taiwan, end its mutual defense treaty with the Chiang government and withdraw all remaining U.S. military personnel from the offshore Chinese island.

The U.S. Congress and the Carter administration have been reluctant to take such steps in order to bring full diplomatic relations with Peking without some Chinese guarantee that Taiwan will not be taken by force. Peking has shown little interest in making such a promise, but the statements to Wolff's group appear designed to soften the image in American minds of warlike Chinese belligerence toward the Taiwan government.

The conciliatory statements were "volunteered by the people we spoke to—at several points in our discussions," said Wolff, chairman of the Asian and Pacific Affairs Subcommittee of the House International Relations Committee.

In the past, American visitors to China who asked about Peking's attitude toward the Kuomintang have usually been lectured on Nationalist crimes and "blood debts," including the many massacres of Communist Party members carried out by Chiang's late father, Generalissimo Chiang Kai-shek. A Peking commentary on Chiang's move from the Taiwan premiership to the presidency in May said "he has continuously intensified his fascist rule and suppressed the people."

But Wolff, who heard similar lectures when he visited China in early 1976, said such rhetoric was largely absent this time. He said he sensed a "new realism in terms of an emerging Chinese emphasis on seeking ways to settle the Taiwan question on a bilateral basis, between the Chinese themselves, in ways that are acceptable to the parties involved."

He said he also found domestic policies more realistic, as the Chinese move away from harsh domestic measures that had been pursued by the "Gang of Four," a Peking clique led by Mao Tse-tung's wife Chiang Ching that was purged in late 1976.

"I think it's safe to say they were harder on the Gang of Four than on the people on Taiwan," said Representative Charles Rangel (D-N.Y.) of the Chinese officials they spoke to.

Peking's usual attitude toward Taiwan has been a plea for people on the island to admit their mistakes and come over to the mainland side, rather than a suggestion of talks.

In a March 6 speech, Communist Party Chairman Hua Kuo-feng said he hoped "military and administrative personnel of the Kuomintang" would "clearly see the general trend of events and take the road of patriotism and unification of the motherland."

Peking's last apparent public call for negotiations came in February 1973, when former Kuomintang Gen. Fu Tso-yi addressed a meeting in the Chinese capital. "We are all Chinese * * * Let us come together and talk," he said in a speech supposedly aimed at Kuomintang officials who had not yet come over to the Communist side.

An analyst who has followed Chinese statements closely for the last three years said he could not remember any Peking remarks similar to those made to Wolff's group. One member of the group said the Chinese noted that earlier efforts to cooperate with the Kuomintang had not worked well, but also observed that many Communist leaders had attended school with Kuomintang officials.

Wolff said Peking officials told the group that further sales of U.S. warplanes to Taiwan would interfere with negotiations over a solution to the Taiwan issue, but the Chinese did not mention sales to Taiwan by other countries.

The Chinese expressed doubt that the Taiwan government would ever go to the Soviet Union for help if the United States severed relations. Washington has approved sale of Israeli-made fighters with U.S.-made components to Taiwan, but Chiang's government has indicated it prefers to buy more effective U.S.-made fighters. Chiang also does not want to hurt his close ties with Saudi Arabia by dealing with Israel.

Taiwan officials have indicated they fear a sharp decline in investor confidence in their booming economy if there is the least suggestion of talks with Peking. In an interview published in the June Reader's Digest, Chiang called such negotiations "totally impossible."

"Negotiation with the Communists is tantamount to suicide. What free world country has ever successfully done so?" he said.

Wolff declined to say which Chinese officials had made the suggestion of talks with Taiwan, but Representative C. Tennyson Guyer (R-Ohio) said the idea had been voiced by Teng, perhaps the most influential Chinese leader in foreign policy as well as other areas. The delegation also saw Vice Foreign Minister Wang Hai-jung, Vice Foreign Trade Minister Wang Jun-sheng, Foreign Affairs Institute President Hao Teh-ching and Peking University President Chou Pei-yuan.

Others in the delegation were: Representatives J. Herbert Burke (R-Fla.), Billy Lee Evans (D-Ga.), L. H. Fountain (D-N.C.), James R. Mann (D-S.C.) and Larry Winn Jr. (R-Kan.).

[From the Baltimore Sun, July 16, 1978]

"REALISM" RULES IN CHINA, U.S. CONGRESSMAN SAYS

(By Edward K. Wu, Hong Kong Bureau of the Sun)

HONG KONG.—A "new realism" about foreign affairs, including relations with Taiwan and the United States, prevails in China today, according to the head of a U.S. congressional delegation which has just concluded a 10-day visit to the People's Republic.

This "new realism" includes growing Chinese willingness to discuss Taiwan's future with the Nationalists on the basis of existing realities, a greater eagerness to seek American technology and expertise and a view of relations with the United States as part of an overall strategic and political recognition of the realities of Soviet expansionism, according to Representative Lester L. Wolff (D., N.Y.), the head of the nine-member congressional group.

Mr. Wolff said in a news conference here yesterday that he and one of his colleagues found this emerging realism the most striking contrast between China today and China two years ago.

Mr. Wolff, the chairman of the House subcommittee on Asian and Pacific affairs, visited China in 1976 with Representative J. Herbert Burke (R., Fla.), who is also a member of the present delegation.

While finding no alteration in China's basic position on Taiwan regarding the need for the U.S. to withdraw diplomatic recognition and security ties from the Nationalists and withdraw all troops from Taiwan, Mr. Wolff said:

"Our delegation sensed a new realism in terms of an emerging Chinese emphasis on seeking ways to settle the Taiwan question on a bilateral basis, between the Chinese themselves, in ways acceptable to the parties involved."

In the wide-ranging discussions with various Chinese officials, including Vice Premier Teng Hsiao-ping, the congressmen were reminded that the Communist Party and the Nationalists, now the ruling party on Taiwan, had twice in the past come together, and their co-operation now for the third time could not be ruled out.

The Communists and Nationalists formed a united front under Sun Yat-sen's leadership from 1924 to 1927 and again during the 1937-45 war with Japan.

The Chinese remarks were said to have come in response to a question by Representative Eligio de la Garza (D., Texas) as to why the Chinese could not settle the Taiwan issue among themselves without involving the U.S. and why the issue could not be separated from the normalization of U.S.-Chinese relations.

Mr. Wolff declined to identify the official who made these statements, only saying he was a very high official. It is believed he was Mr. Teng.

Recent press reports from China clearly indicated that united-front activities among the Chinese, including those on Taiwan, have been renewed and intensified. These overtures so far have been openly rebuffed by Taiwan's President Chiang Ching-kuo, who has repeatedly declared that the Nationalists will never negotiate with the Communists.

The delegation, Mr. Wolff said, heard the Chinese discuss their strengths, frankly admit their weaknesses and indicate their desire for constructive suggestions from the West, particularly from the U.S.

He added that it was the delegation's opinion that the Chinese see their improved ties with the U.S. as being in both countries' interest.

[From the Baltimore Sun, July 20, 1978]

CONGRESSMEN SAY CHINA IS EAGER TO BETTER U.S. TIES, CONTAIN SOVIET UNION

(By Henry L. Trehwitt, Washington Bureau of the Sun)

WASHINGTON.—Just back from China, a group of congressmen yesterday reported dramatic acceleration in Chinese efforts to contain the Soviet Union through closer ties to the United States.

Representative Lester L. Wolff (D., N.Y.) said the "new realism" could lead to direct negotiations with Taiwan. At least, he judged, it represented greater tolerance for the "realities" of U.S. relations with the rival Republic of China there.

The findings of Mr. Wolff and his companions supported evidence of growing interest in normal relations by both the United States and China. For weeks the pattern has developed while world attention was focused on events in Africa and the Middle East and more directly on worsening Soviet-American relations.

The change of climate has developed rapidly, as such things are measured, since Cyrus R. Vance, the Secretary of State, was in Peking last August. Then, the pragmatism of Teng Hsiao-Ping, freshly rehabilitated as deputy prime minister, was just re-emerging.

Since then the United States and China have consulted in only slightly veiled fashion about Soviet intervention in Africa. From time to time faint hints have surfaced that China, after all, would not try to unite Taiwan, which the United States still protects, with the mainland, by force.

The number of semi-official exchanges between Washington and Peking is growing. A few weeks ago Zbigniew Brzezinski, the President's national security adviser, pleased his host enormously by figuratively shaking his fist in the direction of Moscow from the top of the Great Wall.

Mr. Wolff said yesterday that "surely it was no accident" that President Carter's science advisers were in Peking at the same time as the congressional delegation. Han Hsu, chief of the Chinese liaison office here, recently visited the U.S. Midwest.

Americans who had pictured the Communist Chinese for a generation as humorless automatons suddenly are surrounded by gaily chattering visitors. A performing arts company is touring the nation. An agricultural delegation is inspecting the soil of the corn belt.

Some analysts regard all this with wry cynicism. One remarks that "it is almost as if we told them: 'You want normalization? Then you'll have to change the climate.'"

There is no doubt that motives on both sides are heavy with global politics. In fact, the cross-currents of relations involving China, Southeast Asia, the Soviet Union, the United States and even Japan are becoming more complex daily. For every possible benefit there is an offsetting risk.

But there is brisk new life in the process former President Nixon started by opening the door to China in 1972. The United States is toning down the relations it will maintain with Taiwan, hoping for minimum damage to its reputation as an ally. Without committing themselves, the Chinese appear to be relaxing their own terms for normalization.

However it is not really changing those terms. China says the United States must end diplomatic relations and its defense treaty with Taiwan, as well as remove its remaining symbolic military presence.

Something like the so-called Japanese formula, the Chinese suggest, would be fine. That means continuing, as Japan has done, vast economic relations—but not political ones—with Taiwan while formally recognizing Peking. The understanding of course, is that the economic ties themselves amount to a commitment of interest the mainland would not threaten.

That still is not enough for the U.S. administration, even in its speculative moments. Besides economic commitments, for example, officials here say the United States must be free to provide defense equipment to Taiwan as needed.

They also want more direct assurance that Peking will not try to reunite China by force—one of the stickiest points. A solution still appears to be a considerable distance in the future, but Mr. Wolff and six of his colleagues agreed that China is ready to increase contacts greatly without a final political resolution.

Mr. Wolff reported evidence of "a growing Chinese willingness to discuss Taiwan's future" with the present leaders of Taiwan. Not all members of his delegation agreed with his analysis, however. American diplomats suggest that direct discussions between the Chinese rivals are a remote possibility.

But most American specialists do agree that China is softening the edges of its position. It needs technology and manufactured products. More important, it is looking for a strategic relationship as protection against the Soviet Union.

"Our delegation emerged," Mr. Wolff said, "with a definite sense of the sobering effects of the very real strategic and political problems facing China in the form of the Soviet Union—the 'polar bear'—and what the Chinese call the Soviet Union's 'Asian Cuba,' Vietnam."

Soviet influence in Vietnam has grown steadily since the United States was expelled and Hanoi came to rule the whole country. Chinese relations with Vietnam have eroded to the point that China ended all aid to its former client. China now is confronted with a classic danger of strategic encirclement.

But these very issues are forcing the United States to move slowly. It hopes to improve relations with Vietnam, diluting Soviet influence, in a way that China will not only accept but applaud. At the same time it has enough problems with Moscow already on other issues.

President Carter's reaction to the changing pattern still is not clear. Official language remains several stages short of obvious actual positions in the strategic tangle. In fact, official U.S. public positions call simply for even-handed development of relations with all the countries involved.

Yet by most private assessments, difficult decisions are ahead for Mr. Carter. Vietnam appears to be discarding claims for reparations as a precondition for formal relations. China is knocking the rough edges from its arguments. The Russians mutter ominously about the intentions of China and all who encourage them.

"I wonder what we would do," an American diplomat says, "if the Chinese suddenly made us an offer that was obviously within our terms."

Nothing so precise seems likely. But to Mr. Wolff and others who have talked politics with Chinese officials recently, their interest in rapid movement is genuine.

"Our delegation emerged," Mr. Wolff said, "with the clear sense that Peking sees a climate of understanding and co-operation with the U.S. as the best path to normalization, and that normalization is a key strategic and political move for China in the world arena, specifically against the Soviet Union."

Repeatedly, he said, Chinese leaders argued that Moscow fears two actions by China: formal ties with the United States and a treaty of peace and friendship with Japan. They warned equally against appeasement either by providing technology to the Soviet Union or by failing to counter Moscow's strategic moves around the world.

The Chinese call appeasement "feeding the polar bear chocolates." It is a curiously innocent phrase to apply to some of the most critical decisions before the most powerful nations in the world.

[From Business Times (Malaysia), July 28, 1978]

THE IMPASSE OVER TAIWAN

(By Harvey Stockwin in Hong Kong)

Taiwan is the joker in the high-stakes card game among the three superpowers. While relations between the U.S. and Russia worsen, the island hampers closer ties between America and the Chinese mainland.

As Soviet-American relations deteriorate, and Sino-Soviet hostility increases, relations between China and the U.S. are slowly improving. But the long-awaited normalisation of Washington-Peking ties still awaits resolution of the impasse over Taiwan, with the Nationalist and Communist Chinese still far removed from creating their own "one China" solution.

"Our friendship with Chiang Kai-Shek," Chairman Mao Tse-tung told former President Nixon in 1972, "is much longer than the history of your friendship with him." This Mao thought was taken a step further recently as the latest Congressional delegation, led by Mr. Lester Wolff, chairman of the House of Representatives Subcommittee on Asian and Pacific Affairs, visited the People's Republic.

The delegation detected "a new realism" in Chinese official attitudes, notably towards Taiwan. In 1972, Mr. Nixon and Chairman Mao joked about Mao and Chiang calling each other "bandits." The latest American visitors did not even hear such epithets. "They were harder on the Gang of Four than they were on the People of Taiwan," one Congressman recalled.

Along with the absence of abuse, Chinese officials several times volunteered the thought that the Communists were willing to discuss Taiwan's future with the Nationalists "on the basis of existing realities." According to Mr. Lester Wolff, "our delegation sensed * * * an emerging Chinese emphasis on seeking ways to settle the Taiwan question on a bilateral basis between the Chinese themselves in ways acceptable to the parties involved. * * *"

"The historical fact was raised twice in the past the Chinese Communist Party and the Kuomintang have come together and cooperated when it was in their common interest—first during the time of Doctor Sun Yat-Sen and the northern expedition, and again toward liberation during World War Two."

Since Chinese officials often prefer to talk to foreign delegations on a non-attributable basis, Mr. Wolff did not say who particularly stressed these points. The Congressional delegation had however a lengthy interview with Chinese Vice-Premier Teng Hsiao-ping, as well as Vice-Foreign Minister Wang Hai Jun and Vice-Minister for Foreign Trade Wang Jun Sheng among others.

Mention of the possibility of Peking-Taiwan negotiations is interesting, since it comes at a time when there is some movement in Sino-American relations, after a period when normalisation appeared as far off as ever. The critical unresolved problem is twofold. Internationally, the United States cannot be seen to be merely giving in to China's three demands (the abrogation of the United States-Republic of China mutual security treaty, the removal of U.S. troops from Taiwan, and the breaking of diplomatic relations with Taiwan) without making some provision for the continued security and well-being of Taiwan.

Domestically, neither President Carter, Secretary of State Vance, nor any other administration spokesman has yet tried to create a consensus within the United States on the issue. Opinion polls continue to show a U.S. majority favouring normalisation, but this majority evaporates if normalisation carries the price Peking consistently attaches to it.

President Carter himself straddled but did not resolve the dichotomy during his campaign, when he pledged that he "would never let friendship with the People's Republic of China stand in the way of the preservation of the independence and the freedom of the people of Taiwan."

In 1977 there was no basic change in the Sino-American status quo. Secretary of State Vance went to Peking in August to try out various formulas for bridging the gap. Mr. Carter hailed progress, but Mr. Teng Hsiao-ping denounced the visit as a "set-back."

This year, as American-Soviet relations deteriorated, Washington has tried other tracks. National security adviser Zbigniew Brzezinski went to Peking in May to discuss broad strategy but not to negotiate normalisation. China has responded by making it clear to the Wolff group that it does not want to be merely a card played against the Russians. Similarly, President Brezhnev, a month ago in a speech at Minsk, warned the United States against playing the China card in relation to Russia.

Nevertheless, there would seem to have been some Sino-American card-playing, with Mr. Brzezinski making some direct—many diplomats would say clumsy—anti-Soviet remarks on the Great Wall of China. Mr. Brzezinski's visit has been followed up by a high level U.S. scientific and technological mission, accompanied by two top foreign policy officials to Peking—the same kind of delegation that would have gone to Russia, except that it was cancelled, due to the Soviet trials of dissidents.

Meanwhile, the Carter administration has inched toward normalisation without talking any decisive steps. Two American libraries have been closed in Taiwan, ostensibly for budgetary reasons.

U.S. military forces have been further reduced on Taiwan from 1,500 at the end of the Ford administration, to 1,000 today, and they will be down to 400 by the end of the year.

Reports from Washington indicate that residual military and economic aid to Taiwan will be absent from the Carter budget for the next financial year. The Carter administration has approved the sale of Israeli-made Kfir jet fighters to Taiwan—the planes have U.S. engines. The Kfir carries less payload, and has less range, but is faster than the Phantom F4 jets which Taipei has been trying to purchase for several years.

Significantly, Chinese officials told Mr. Wolff that American jet sales to Taiwan would complicate a peaceful solution of the Taiwan problem and hinder normalisation—"but they raised no specific objection to third country sales."

So the Taiwan government of President Chiang Ching-kuo can be forgiven for calculating that the Americans are moving towards Peking, and getting ready to abandon Taiwan by stealth. Aid cuts, library closures, and military reductions, while not critical in themselves, are resented as unnecessary concessions, even if they leave Taiwan no weaker than before.

Taiwan is busy developing a substantial relationship with Saudi Arabia, so it is not immediately well-disposed to American efforts to please the Israelis. It is not currently negotiating for the Kfir fighter, though it has shown interest in the past, and will need something more sophisticated than its current F5s for air defense in the 1980s. The Taiwan application for Phantoms remains on the table.

Against this background, Chinese hints about the possibility of Peking-Taipei negotiations in the future offer more hope to the U.S. than to Taiwan.

The Americans have been making little if any headway in their attempts to secure from China some pledge about the peaceful solution of the never-ended Chinese Civil war, such as might make the U.S. Congress more amenable to the abrogation of the United States-Taiwan security treaty.

Obviously, were China and Taiwan to substitute accord for antipathy, it would be that much easier for President Carter to grasp the normalisation nettle. But as Taiwan reacted to Mr. Wolff's comments, and as China reacted to Taiwan, the normalisation ball was left bouncing elusively around in Mr. Carter's court.

For Taiwan, the cooperative precedents cited to Mr. Wolff by the Chinese hardly offer encouragement. The northern expedition ended with Mr. Chiang Kai-shek purging the Communists, and Mr. Chou En-lai fleeing for his life from Shanghai. The uneasy wartime united front against the Japanese was only secured by the Communists after Mr. Chiang Kai-shek had been kidnapped at Sian in 1938 by his own troops.

With those and other memories, it was hardly surprising that a Taiwan Foreign Ministry spokesman on July 17 maintained that "we have had bitter experiences in negotiating and co-operating with the Chinese Communists in the past, and therefore we will never hold talks, or get in touch with them."

On the other hand, Taiwan fears—realistically, in the view of responsible State Department sources—that the only thing China will negotiate is their surrender. The time is not ripe for China to be satisfied with a mere token ac-

knowledge by Taipei of China's sovereignty over Taiwan, in return for which Mr. Chiang Ching Kuo would be allowed to continue to preside unfettered over Taiwan's flourishing economy.

On the other hand, any attempt by the mainlanders ruling Taiwan to reach a one-China compromise could affect political stability, since it would secure a hostile reaction from the 14 million native-born Taiwanese.

For the latter, Mr. Chiang Ching-Kuo's continued rhetoric about "reconquering the mainland" offers security, since it indicates continued willingness by the government to sustain a Taiwan identity separate from that of the People's Republic.

Thus, for the time being, nationalism (with a small n) on both sides of the Taiwan Straits is unlikely to be equal to the compromises which meaningful negotiations would inevitably entail. This was emphasised on July 18 as the New China News Agency attacked Mr. Chiang Ching-kuo for following his father's policies and "selling Taiwan out to foreign interests."

The agency's article indicated that, "new realism" notwithstanding, China will expect to have its normalisation cake and eat it too. Taiwan was attacked both for trying to retain its close American links and for hints in the Taiwan Press that it may develop ties with the Soviet Union.

This contrasts with what the Wolff party was told. When they raised the possibility of Taiwan-Russian links, high Chinese officials expressed confidence that Taiwan's anti-Communism would inhibit any Taipei-Moscow détente.

Conceivably, the NCNA writer had not got the same message from above, but the article indicated the obvious—that China would react forcefully were Taiwan to ever contemplate playing a Russian card against China. The irony is that China accuses Taiwan of trying to disrupt Sino-American normalisation, while also objecting to the situation that a normalisation, on China's terms, alone, might bring about.

So President Carter faces the old dichotomy plus an additional element. He must not merely try to elevate Sino-American relations without further exacerbating United States-Soviet relations and destabilising Taiwan. He also has to maintain sufficiently strong links with Taiwan to make sure that Taipei does not feel desperate, and that China's paranoia in regard to the "polar bear" is not enhanced as a consequence.

[From the Christian Science Monitor, July 17, 1978]

"NEW REALISM" ON TAIWAN: PEKING EDGES TOWARD U.S.

(By Frederic A. Moritz, staff correspondent of the Christian Science Monitor, Hong Kong)

China appears to have altered its position on the main obstacle to "normalization" of relations with the United States, the problem of Taiwan.

Although displaying what is termed "a new realism," China's leaders still have not ruled out the use of force to gain control of the island Republic of China.

But out of concern over possible encirclement by the Soviet Union and its ally, Vietnam, they have endorsed an approach they once ruled out—settlement of the Taiwan problem through talks with the Kuomintang (Nationalist Chinese) government of President Chiang Ching-kuo.

This is the message brought back after a 10-day trip to China by U.S. Representative Lester L. Wolff (D) of New York, chairman of the House of Representatives Subcommittee on Asian and Pacific Affairs.

A CONCILIATORY FRAMEWORK

In a July 15 Hong Kong press conference, he explained that Vice-Premier Teng Hsiao-ping and other high Chinese officials had outlined the new approach to him and other visiting U.S. congressmen in Peking.

Mr. Wolff said the discussion of Taiwan contrasted sharply with one he had had with Chinese leaders two years earlier.

"There was none of the rhetoric we had heard before of the 'murderers on Taiwan.' Taiwan was mentioned in a much more conciliatory framework," he explained.

Mr. Wolff's report comes at a time when China is stressing the need for increased cooperation with the United States, both to oppose the Soviet Union and for technical assistance in modernizing China.

The Chinese press, for example, has been widely publicizing aid in agricultural mechanization given by four American engineers and technicians in an area near the border with the Soviet Union. Teng Hsiao-ping recently told a visiting American science and technology delegation dispatched by President Carter that China will learn advanced science and technology from all countries, including the United States.

IMPASSE REMAINS

The apparently moderated Chinese position does not directly break the impasse between China and the United States over Taiwan. China demands that the U.S. withdraw all military forces from the island, sever the mutual security treaty, and break off diplomatic relations with the government of President Chiang.

For its part the U.S. says it can make such concessions only if China recognizes Washington's commitment to a peaceful settlement of the dispute. But Peking insists it retains the option of using force to settle what it regards as an internal Chinese matter.

Still, if Mr. Wolff's account of what he was told is accurate, China appears to have shifted its emphasis in a way that could lead to at least limited cooperation and perhaps a form of peaceful coexistence with Taiwan's leaders.

BUT WOULD TAIWAN AGREE?

If such a relationship were gradually to develop, China would be accepting a peaceful course toward settlement of the Taiwan question, thus meeting one of the American requirements for normalization of relations.

But one big question is whether Taiwan's President Chiang is at all open to this approach. To deal with the Chinese Communists would in effect require a total transformation of the Nationalist claim to be the government of all of China, including the mainland.

The Taiwan Government is set up with representatives from all of China's provinces, and Taiwan itself officially is ruled as just one province headed by a governor. So far this arrangement has been justified by the Nationalists' declared aim of "recovering" the mainland.

Also it is unclear how much of a change in Taiwan's system of government would be required by Chinese Communist leaders in order for them to deal with the Nationalists.

COMMENTS CONFIRMED

The new Chinese approach, as outlined by Representative Wolff, was first disclosed in late May by Chen I-sung, standing committee member of China's National People's Congress.

In an interview with Japan's Kyodo news agency, Mr. Chen said that if the United States accepts China's three conditions for normalization, there would be no liberation of Taiwan by force, so long as Taiwan's President Chiang were willing to hold peace talks with China. "China will never kill a peace-seeking Chiang," he was quoted as saying.

Although Mr. Chen is not a member of the Communist Party, a Chinese representative has confirmed that his comments were a trial balloon designed to hasten normalization.

Mr. Wolff said high-ranking Chinese officials cited as precedent for cooperation with Taiwan two previous occasions on which the Communists and the Kuo-mintang had cooperated. One was in the 1920s during the campaign to unify China and end warlord rule. The other was during World War II, when Japan was a common enemy.

[From the Far Eastern Economic Review, July 28, 1978]

CHINA ON THE WORLD STAGE

(By David Bonavia)

DIPLOMATIC RELATIONS BETWEEN CHINA AND OMAN IS A LOGICAL MOVE IN PEKING'S FOREIGN POLICY

Ideology has been the first casualty of China's drive towards a more dynamic and effective foreign policy. A decade ago, ideology dominated Chinese foreign

policy to such an extent that the policy barely seemed to exist any more in its own right. Now the opposite is true: the ideology, such as it is, is dictated by the real situation.

A foreign policy is based principally on relations with other governments—something China found to its cost in the late 1960s, when it disregarded the effects of its policies on governments, in the interests of appealing to what it believed to be mass movements sympathetic to itself. The result was almost complete isolation and encirclement by powerful enemies. China is not about to make the same mistake again. Its foreign policy since 1971 has been aimed at rallying as broad as possible an international front to oppose Soviet expansionism, just as in the late 1950's it sought to broaden the anti-American front through recruitment of the nonaligned movement.

Chinese disillusionment with the nonaligned movement today is reflected explicitly in commentaries about the machinations of Cuba—which claims to be non-aligned—and implicitly in its numerous statements about the need for the Third World to unite against Soviet "hegemonism." The fact that some Third World countries, such as Angola and South Yemen, have clearly aligned themselves with Moscow, makes rather a nonsense of the non-aligned movement from China's point of view. At best it can be seen as a way by which countries like Burma express their desire to be left alone.

Disappointed by the strategic possibilities of an alliance of the developing countries, China has turned increasingly towards the West for an understanding about mutual security. The two things are linked, as was made clear this month to an American congressional delegation headed by Asian and Pacific Affairs Subcommittee chairman Lester L. Wolff, which visited Peking and had talks with Vice-Premier Teng Hsiao-ping and other senior officials.

As Wolff put it, his delegation got "a definite sense of the sobering effects of the very real strategic and political problems facing China in the form of the Soviet Union—the 'Polar Bear'—and what the Chinese call the Soviet Union's 'Asian Cuba,' Vietnam." This was not in itself new, but the Americans got the clear impression that in the face of these strategic threats, the Chinese were more willing than before to consider patching up their quarrel with Taiwan, presumably in the interests of a closer understanding with the United States and the desire to present a more united front to a world where the Soviet Union and its allies are daily gaining ground.

Specifically, the visitors were told that the Chinese Communist Party had cooperated with the Kuomintang in the past, and could do so again, "on the basis of existing realities." It was no coincidence that, shortly before the Wolff delegation's visit, China opened diplomatic relations with the oil-rich Gulf state of Oman. Observers familiar with the politics of the Gulf say Oman would never have made such a move without counting on the eventual approval of Saudi Arabia, which itself maintains diplomatic links with Taiwan. Although the Saudis were thought unlikely to compromise their own fierce anti-communism by switching recognition to Peking, it is believed they will look reasonably benignly on relations between China and other countries of the area, such as the United Arab Emirates, Qatar and Bahrain.

The paradoxical situation is indicative of China's strategic posture worldwide. Lacking the money and resources to exercise concrete influence on places as distant as the Gulf, China can count only on modest trading relations (its consumer goods being particularly well suited to the Middle Eastern market) and on the desire of rich but small states in the area to see some counter-balance to the creeping advance of Soviet influence. Thus anti-communism becomes China's best ally.

The Soviet Union has not done well in the Middle East lately. Its relatively strong position in "democratic" South Yemen can only make it seem more sinister to states such as Oman and North Yemen, with which South Yemen has long-standing quarrels. Relations with both Syria and Iraq are cool, Egypt has administered a resounding slap in the face, and Iran is busily building up its armaments to resist Soviet domination of the area and prepare for the day when its oil reserves start giving out.

This is an ideal situation for China to move quietly but steadily into the Gulf, where its low posture and avoidance of proselytising will enable it to avoid unduly offending the powerful religious elements which dominate the politics of the area. Later on, if left-wing ideas spread through the Gulf from Iraq or South Yemen, China will be in a position to ensure that they are not the exclusive preserve of the Soviet Union and its agents. And if revolutions eventually overtake the princely

families which are now so well entrenched, China will be there, with its well-established revolutionary credentials, to welcome the new states into the "anti-hegemonist" movement. The dislike earned by the Soviets through their relative inability to bridge cultural gaps in dealing with people of other races will serve China well.

To occupy some sort of position in the Gulf is important, for it is West Asia's gateway to the Indian Ocean, as well as being the key to the price of energy and hence the economic stability of the Western world, China's new ally. However, Peking can have no illusions about the extent of its influence either in the Middle East or in Africa for the foreseeable future. These two regions—the most crucial single arena of world confrontation today—together account for Western Europe's most important sources of imported minerals, and lines of global communication. China and the United States alike regard the security of Western Europe as essential to their own. But much as China would like to help safeguard Africa and the Middle East against further Soviet penetration, there is in practice little it can do.

It is unfortunate for China that geography alone isolates it from the part of the world where the biggest issues of the day are being decided. In addition, the Chinese have had little historic contact with the peoples of the area, and are fairly ignorant of their creeds and customs. Chinese diplomats are still insufficiently trained even in English and French, let alone Arabic or Portuguese.

China's best ally is the Soviet Union's own over-involvement, which time and again results in humiliating defeats, such as that suffered by Moscow in Egypt. But the Soviet discovery of Cuba as an ally in its expansionist process has brought a new and menacing element into the equation. It enables the Soviets to keep themselves relatively pure of the taint of military intervention overseas; it saves them arousing domestic discontent by wasting their young men in debilitating wars in hot climates; and it makes Cuba work for the aid which still has to be poured in to keep its economy going.

China regards this as a qualitatively new form of imperialism. Just as Lenin saw capitalism as breeding imperialism and colonialism, the Chinese see "social imperialism" as breeding Cubas and Vietnams and Angolas. The principle is simple: find a small or new country with a revolutionary movement, aid its revolution, egg it on into conflict with its neighbours, then ensnare it in debts and political ties. Whereas Soviet expansionism of the old, creeping variety has come up against Western resolve in such places as the Middle East, this new, more random style (called "dominationism" by the Chinese) has scored some interesting successes.

One of these has been in Vietnam, and China, seeing its enemy's guns brought almost literally into its own backyard, has been forced to devise a counter strategy. In this case it is the alliance with Cambodia, which not only divides Vietnam's resources between two fronts, but also tars the Vietnamese with the brush of bullying, which might otherwise have splashed China. This is not a new move in Chinese foreign strategy: faced with Indian hostility in the 1960s, Peking compensated by cementing its friendship with Pakistan. When Mongolia joined the Soviet Union in the Sino-Soviet dispute, China found allies waiting in the Balkans.

On the broadest possible plane, China seeks to break out of Soviet encirclement by reaching towards the United States, Japan and Western Europe. Not surprisingly, this means that foreign policy must be de-ideologised, or rationalised with a new ideology so obvious tailored to fit the needs of the situation that it barely qualifies as Marxist and more. Although welcome in the Western world, the increasingly non-ideological character of Chinese foreign policy might, one would have thought, bring difficulties in Peking's relations with some of the more ideologically-inclined countries of the Third World. So, far however, Albania is the only country apart from Cuba which has taken ideology as the pretext for a break with China.

In the Third World as a whole, China has been unexpectedly successful in persuading smaller powers that it does not seek to impose its own ideology on them. The Chinese have gained much credit in their aid programme for simply doing the job quietly, then packing up and leaving unless specifically asked to stay on. This reputation will serve them well in places like the Gulf, where religion—or in other places, nationalism or tribalism—take the place of ideology and would resist being displaced.

None of this solves the basic weakness of Chinese foreign policy caused by its defensive nature. Most modern states are either acquisitive of territory and resources, or are grimly hanging on to what is left from past empires and spheres

of influence. Even the poorest country of the Third World can usually afford a protracted feud with its neighbour. To aim primarily at security and mounting prosperity within one's borders, without exercising domination over any other state, seems almost quaintly idealistic, and inviting predatory attacks. Yet with certain aberrations, such as its attempts to dominate Vietnam and its absorption of Tibet, Chinese foreign policy in the past has generally been based on this quietist approach. That is has been so is not a tribute to any mystically peaceable element in the Chinese character, but to the abundance of resources within the Chinese empire, which made foreign conquests unnecessary except for the securing of the wilder frontiers.

Now, however, half the world is a wild frontier from China's point of view, and the nation's security can no longer be planned in terms of a genteel debate at the imperial court, followed by an indecisive expedition against the barbarians. The problem is that China has not yet evolved any truly effective alternative.

[From the Los Angeles Times, July 16, 1978]

CHINA REPORTED WILLING TO TALK WITH TAIWAN

(By Linda Mathews, Times staff writer)

HONG KONG.—China's leaders are willing to negotiate directly with the Nationalist Chinese about the future of Taiwan and the question of reunification, an American congressional delegation reported here Saturday.

Representative Lester L. Wolff (D-N.Y.), leader of the delegation, which just concluded a 10-day tour of the mainland, said Communist Party Vice Chairman Teng Hsiao-ping and other Chinese policy makers repeatedly raised the possibility that the long-standing differences between the two regimes could be settled at the bargaining table.

Wolff said Chinese officials reminded the visiting congressmen that the Communist Party had cooperated with the Nationalists twice before, first in a campaign against the warlords of the 1920's and then against the Japanese invaders in the 1930s and 1940s.

"They said they saw no reason those precedents could not be repeated," Wolff said.

The statements attributed to Teng and other high Chinese officials appear to be the most conciliatory Peking has made toward Taiwan President Chiang Ching-kuo's government in recent years. Direct negotiations between the two sides remain unlikely, however, given Chiang's adamant refusal to sit down with the Communists.

Chiang, the son of the late Generalissimo Chiang Kai-shek, dramatically announced last year that the Nationalist Chinese would have no contact with Peking except "in the shape of a bullet." Other Taiwan officials, less ideological than their president, have expressed fear that the merest suggestion of rapprochement with the mainland would disturb investor confidence in their booming economy.

Chiang's tough stance is well known in this region, so the mainland leadership's newly expressed interest in negotiations primarily may represent a bid to portray him in a bad light and swing American public opinion to Peking's favor.

Even though they supposedly seek a peaceful resolution of the Taiwan problem, the Chinese made it clear that they did not "rule out by any means the use of force in liberating Taiwan, if that should become necessary," Wolff said at a press conference.

The Peking officials also gave no sign of retreat from their often-stated position that, before full diplomatic relations can be forged with Washington, the United States must sever its diplomatic relations with Taiwan, cancel its mutual defense treaty with the Chiang government and withdraw the 1,000 American troops stationed on the island.

The Carter administration has refused to take such steps without at least a tacit promise from Peking that it will not recapture Taiwan by force should the United States withdraw. China has balked at the White House demand, though the statements to the visiting congressmen may have been calculated to persuade Congress and the American public that China has no immediate belligerent designs on Taiwan.

"China's present leaders seem to be much more clued into the realities of American politics and the widespread American concern about the future of Taiwan," a diplomat here observed after the press conference.

Only a year ago, two American journalists who asked China's Foreign Ministry about reconciliation with Taiwan were lectured about the "unforgivable crimes" committed by the Nationalists before they fled the mainland in 1949. Senior Vice Foreign Minister Yu Chan, a Peking hardliner, said then that Chiang owed the people of China "blood debts" because of the many massacres of Communists carried out by his father, Chiang Kai-shek.

Wolff, who heard similar anti-Taiwan diatribes on a visit to China two years ago, said such rhetoric was conspicuously absent this time. He attributed the change to a "new realism in China, on the part of her people and leadership, concerning both domestic and foreign policy questions."

The nine-man congressional delegation found in Peking "an emerging emphasis on seeking ways to settle the Taiwan question on a bilateral-basis, between the Chinese (governments) themselves, in ways acceptable to both parties," said Wolff, who is chairman of the Asian and Pacific Affairs Subcommittee of the House International Relations Committee.

The legislators said the desire for negotiations with Taiwan seemed to be widespread in Peking's top ranks. Conciliatory statements were "volunteered by many people we spoke to * * * at several points in our discussions," Wolff said.

[From the South China Morning Post, July 16, 1978]

PEKING SET FOR TAIWAN TALKS

(By Dennis Phillips)

Peking leaders are willing to discuss differences with Kuomintang officials concerning Taiwan, the senior Vice-Premier, Mr. Teng Hsiao-ping, told a group of American Congressmen during their visit to China last week.

Top-ranking Chinese officials pointed to historical precedents for Chinese Communist Party-Kuomintang co-operation; first during the time of Dr. Sun Yat-sen and the Northern Expedition and again against the Japanese during World War II.

"They see no reason why history cannot be repeated," the Chairman of the House of Representatives Subcommittee on Asian and Pacific Affairs, Mr. Lester Wolff, said yesterday at a press conference.

The apparent new sign of flexibility within the Chinese leadership was seen as a reaction to growing Soviet influence in Vietnam and what is perceived as the growing Soviet threat to their security.

Vietnam was referred to as the Soviet Union's "Asian Cuba," Mr. Wolff said.

"When coupled with repeated instances of our delegation being told that the Chinese recognise what were termed the realities of the U.S. involvement with Taiwan, our delegation emerged from the People's Republic with a definite sense of the sobering effects of the very real strategic and political problems facing China in the form of the Soviet Union * * * and Vietnam," Mr. Wolff said in a prepared statement.

China's willingness to cooperate with Taiwan was mentioned several times during a discussion with Mr. Teng and the President of the People's Institute for Foreign Affairs, Mr. Hao Te-ching.

"In this regard, the delegation sensed a growing Chinese willingness to discuss Taiwan's future on the basis of existing realities," Mr. Wolff said.

The Congressmen would not comment on possible U.S. Government action to encourage such a dialogue between Peking and Taipei, saying it is an internal matter for the Chinese to work out.

Mr. Wolff said the discussion of Taiwan was in sharp contrast to a previous meeting he had with Chinese leaders two years ago.

"There was none of the rhetoric we'd heard before of the 'murderers on Taiwan' and what have you.

"Taiwan was mentioned in a much more conciliatory framework," he said.

The Chinese seemed "harder on the gang of four than on the leaders of Taiwan," Mr. Wolff said.

The Chinese made it clear the mainland-Taiwan issue is something for them to settle, without any outside interference.

"There was a strong admonition that this does not rule out the ultimate use of force, if necessary, to reunite the mainland and Taiwan," Mr. Wolff said.

The willingness to discuss the Taiwan issue with the Congressmen during their 10-day trip was described as "a sense of 'new realism' in China" by Mr. Wolff.

The "realism" seems based on a recognition of U.S. interests in Taiwan, as well as a willingness to co-operate with the U.S. as a potential ally against a growing Soviet influence in Asia, he said.

"They indicated Vietnam was strongly controlled by the Soviets and the Soviets are using Vietnam's defence facilities," Mr. Wolff said.

He said the Chinese feeling towards Vietnam was "not one of fear, but one of great concern."

Mr. Wolff said China referred to the "Soviet encirclement plan," and pointed out China had been encircled many times in the past, but had always broken through.

Mr. Wolff said the Chinese indicated that if the U.S. continues to sell fighter planes to Taiwan "it would interfere with a negotiated settlement of the Taiwan issue and retard normalisation."

On other matters, Mr. Wolff, who also serves as Chairman of the House Select Committee on Narcotics Abuse and Control, said there is no validity to accusations that China is behind Asia's drug trade.

[From United Press International, July 16, 1978]

WOLFF: PEKING ATTUNED TO TAIWAN NEGOTIATIONS

"SENSE OF NEW REALISM"

HONG KONG.—The leader of an American Congressional mission to Communist China said Saturday members of the group "sensed a new realism" by Chinese leaders toward the thorny Taiwan issue.

"In this regard, the delegation sensed a growing Chinese willingness to discuss Taiwan's future with the Kuomintang on the basis of existing realities," said Representative Lester L. Wolff, a New York Democrat, at a news conference.

Wolff, chairman of the House Subcommittee on Asian and Pacific Affairs, and eight other congressmen spent 10 days in China talking with Peking officials. Among those was Teng Hsiao-ping, vice premier and vice chairman of the Chinese Communist Party. This was Wolff's second visit to China.

He said that the "new realism" applied to both domestic and foreign policy but it was on the question of Taiwan that it was "potentially important" for the United States.

The reason for the changing Chinese attitude, Wolff said, is Peking's perception of a Soviet threat to China.

Wolff said the possibility of negotiations between Communist leaders in Peking and leaders of the Kuomintang, or Nationalist Party, in Taiwan was raised "several times" during the group's conversation with a "very high Chinese official."

That official could only have been Teng Hsiao-ping, although Wolff declined to say so publicly.

"In our discussion on this issue, the historical fact was raised that twice in the past the Chinese Communist Party and the Kuomintang have come together and cooperated when it was in their common interest," Wolff said.

"When coupled with repeated instances of our delegation being told that the Chinese recognize what were termed the realities of the U.S. involvement with Taiwan, our delegation emerged from the People's Republic with a definite sense of the sobering effects of the very real strategic and political problem facing China in the form of the Soviet Union—the polar bear—and what the Chinese call the Soviet Union's Asian Cuba, Vietnam."

The "high official" did not specify just how negotiations with Taiwan might take place, asserting that there has not been any official communication with officials there, nor is there any now.

But, Wolff quoted the Chinese official as saying, there has been cooperation between the Communist and Nationalist parties twice and "you cannot rule out a third time."

Wolff and other members of the mission emphasized that China has not altered the main conditions for resolving the Taiwan issue so far as the United States is concerned. Those conditions are withdrawal of American military forces from Taiwan, a break in relations, and abrogation of the U.S.-Taiwan defense treaty.

Wolff, comparing this visit with his first trip two years ago, said the "new realism" was apparent everywhere the group went in the relaxed atmosphere, reduced ideological rhetoric and flourishing of new ideas that relate less to the policies of the late Chairman Mao Tse-tung.

Other members of the delegation included J. Herbert Burke (R.-Fla.), Eligio de la Garza (D.-Texas), Billy Lee Evans (D.-Ga.), L. H. Fountain (D.-N.C.), C. Tennyson Guyer (R.-Oreg.), Charles B. Rangel (D.-N.Y.), James R. Mann (D.-S.C.), and Larry Winn, Jr. (R.-Kans.).

The group returned from China last Thursday and was to leave for the United States Saturday afternoon. Before the news conference, the delegation had a breakfast meeting with members of the American Chamber of Commerce in Hong Kong.

[From the Hong Kong Standard, July 16, 1978]

A PEKING, KMT DEAL?

(By Chris Yip)

A "NEW REALISM," ALTHOUGH FORCE IS NOT RULED OUT

China is willing to settle the Taiwan issue with the Kuomintang regime on a bilateral basis between themselves, according to the leader of an American delegation of Congress representatives, Lester Wolff.

The United States, he said, would not be involved.

High-ranking Chinese officials have cited two historic occasions when the Communist Party and the Kuomintang cooperated when it served their mutual purpose. The first was during the era of Dr. Sun Yat-sen and the Northern Expedition, and the second towards liberation during World War Two.

The Chinese are not ruling out a repeat of history for a third time, Mr. Wolff, chairman of the American Subcommittee on Asian and Pacific Affairs, claimed yesterday.

Mr. Wolff led the congress delegation during a 10 day tour of China.

He said the question of China-Taiwan rapprochement was brought up by the Chinese in response to a question by another member of the delegation.

"It was raised several times in a single conversation; once in response to questions by Mr. de la Garza (of the International Affairs Subcommittee) and the others raised voluntarily and independently," Mr. Wolff added.

He declined to divulge the names of the Chinese officials making the remarks apart from saying that they were "high-ranking."

The Chinese did not, however, rule out the alternative use of force, if necessary to reunite the Chinese mainland and Taiwan.

Describing himself as a "student of China" Mr. Wolff said: "Certainly no visit of 10 days qualifies any group as expert on the policies or events of another nation."

But members of the mission were agreed on what it considered to be certain trends in the country which would bear close study in the weeks and months to come, Mr. Wolff said.

There had emerged a "new realism" in China, on the part of its people and leadership, concerning both domestic and foreign questions facing China at the present time, he added.

"One area where we sensed a potentially important example of the new realism would appear to be on the question of Taiwan." Mr. Wolff told an assembled press conference.

"When coupled with repeated instances of our delegation being told that the Chinese recognise what were termed the realities of the U.S. involvement with Taiwan, our delegation emerged from China with a definite sense of the sobering effects of the very real strategic and political problems facing China in the form of the Soviet Union—the 'Polar Bear'—and what the Chinese call the Soviet Union's 'Asian Cuba', Vietnam," Mr. Wolff said.

This perception of China's "new reality" was reinforced by the delegation's visits to educational facilities, cultural institutions and factories alike.

The new realism is leading the Chinese to be receptive to American technology and expertise to help them overcome the lost decade of the cultural revolution and the so-called "Gang of Four", he said.

The country is no longer adverse to making use of the best from other nations, while the Chinese remain determined to pursue self-reliance.

The Chinese conflict with the Soviets was not seen as just part of an ideological battle between two Communist nations, but was perceived as an effort by the U.S.S.R. to dominate the entire world, Mr. Wolff said.

The rhetoric which so pervaded during Mr. Wolff's last visit to China two years ago was little heard of, he added.

The delegation had met with many Chinese officials, including Senior Vice Premier Teng Hsiao-ping.

[From the Times of London, Sept. 29, 1978]

"US: PEKING PREPARED TO MAKE TAIWAN CONCESSIONS, WASHINGTON BELIEVES"

(By David Bonavia)

A series of hints and signals from Peking suggests that the Chinese leadership is prepared to make certain concessions to the United States over the issue of Taiwan. The intention evidently is to follow the recent peace treaty between China and Japan with a new diplomatic coup to block Soviet global expansion.

The first big hint came three months ago when a United States congressional group led by Mr. Lester D. Wolff was told by Mr. Teng Hsiao-ping, the vice-chairman, that the Chinese Communist Party had in the past twice succeeded in collaborating with the Kuomintang (nationalists) and could possibly do so again. This remark was later repeated by Mr. Li Hsien-nien, co-vice-chairman, to a Japanese visitor.

There have been other signals since then. During the recent opening of diplomatic relations between China and Libya, Peking for the first time did not insist on a specific statement that it is the only capital of all China. This should not be taken to mean any abandonment of Peking's claim to sovereignty over Taiwan—only a willingness not to labour the issue.

In further concessions, Thai International is expected to be allowed to continue flying to Taipai even after starting its new service to Peking. This is an advance over the arrangement with the Japanese, who had to rename an airline and go on using the old airport of Haneda for their Taiwan flights, even after the opening of the new airport at Narita.

In Britain's case, the links between the Hongkong-based airline Cathay Pacific and Taiwan have so far stood in the way of an agreement to let British Airways fly to Peking.

Apart from continued aviation access to Taiwan, what could Peking offer the United States in return for rapid moves towards the establishment of a fully-fledged American embassy in Peking? China is still adamant on its three demands that Washington must break diplomatic links with Taipei, cancel its defence agreement and withdraw its forces.

What has worried the Americans most is that if they did this, and Peking then decided to invade and "liberate" Taiwan, America's prestige and credibility around the world would suffer yet another blow. Taiwan has many friends in America, who view agreements with the Chinese Communists as a national sell-out.

To forestall the possibility of an invasion—which the Chinese say they still retain as an option at their own discretion—it has been proposed that recognition of Peking should be accompanied by a unilateral statement on the part of the United States president that America retains an interest in the keeping of the peace in the Taiwan Strait, or some such formula.

Now it looks as though the Chinese might be prepared to let the United States go on trading actively with Taiwan and maintaining cultural and other links (diplomats for the United States liaison office in Peking are still mostly language-trained in Taiwan).

There might also be a tacit Chinese agreement to stop talking about the "liberation" of Taiwan by force, and perhaps a secret assurance that this was not Peking's intention. Such an operation is almost impossible militarily anyway, considering China's security problems with Vietnam and the Soviet Union, and the strong air force which the Americans propose to leave behind in Taiwan.

Recent unofficial reports from Washington have suggested that President Carter may be aiming at normalization early next year, and that an agreement to this effect was reached during last May's Peking trip by Mr. Zbigniew Brzezinski, the national security adviser.

If this scenario works out, the United States would probably be prepared to desist from making any unilateral statement about peace and security in the area, which the Chinese see as an interference in their internal affairs.

The Taiwan regime is becoming increasingly nervous, as its last diplomatic partners fall away. Saudi Arabia, one of its best backers in recent years, is thought likely to follow Libya in establishing relations with Peking, while maintaining fairly strong economic links with Taiwan.

Although the attitude of Taiwan officialdom is as rigid as ever, there are undoubtedly people there who believe it would be advantageous to follow up the Peking leaders' offer of fresh talks. While China is so anxious to solve the problem soon, it is possible Taipei would get better terms for itself, as some kind of autonomous part of China, than in the future when attitudes may harden again.

Why should Peking be so apparently keen to solve the Taiwan problem now when it has not budged an inch over it since the signing of the famous Shanghai communiqué with Mr. Richard Nixon in 1972?

Trade, technology and military needs seem to be the answer. The Peking leadership is embarked on a programme of economic and technological growth so ambitious that it will be held back seriously if the United States, the powerhouse of world capital and technology, continues to be excluded.

Chinese educational authorities have already suggested the sending of hundreds of students to America to learn, as their forefathers did, the most advanced science and technology. Sending students to Europe and Japan is a partial substitute, but it is America that Peking really has its eye on.

Fresh purchases of American grain, for the first time in two or three years, may signal Chinese willingness to trade on a large scale with the citadel of capitalism, and it is even likely that American oil companies will soon be invited to help to explore for petroleum resources off the Chinese coast.

Most important of all, China cannot buy all the advanced weapons systems it wants from the West if the United States opposes such sales.

[From the Christian Science Monitor, Oct. 26, 1978]

TWO CHINAS MUFFLE HOSTILITY?

(By Daniel Southerland)

China watchers are looking forward to an event that amounts to another potentially positive sign for United States-China relations.

Ten Chinese from Communist China and one from Taiwan are expected to attend the same scientific conference in San Francisco starting Oct. 29. In the past, one side or the other has refused to participate in any conference attended by its adversary. A major change occurred two months ago when delegates from the two Chinas showed up at a scientific conference in Tokyo.

The San Francisco conference, which is the annual meeting of the Society of Exploration Geophysicists, will mark the first occasion on which both sides have attended a conference in the United States. Peking's delegation will be led by Chin Tsu-jung, vice-director of the Geophysical Research Institute of the China National Oil and Gas Exploration and Development Corporation. Taiwan will be represented by Chen Wu-shong.

SIGNS OF FLEXIBILITY?

American experts on China are constantly looking for signs of whether Peking is willing to be more accommodating on the question of Taiwan. It is this key question which has delayed the establishment of full diplomatic ties between the United States and China.

U.S. officials view Peking's willingness to attend conferences at which Taiwan delegates are present as another sign of China's growing pragmatism and as a part of its current "united front" campaign to woo Taiwan.

But U.S. China watchers are cautious about all this. They do not see any sign that Peking has modified any of the principles it holds to on the Taiwan issue. The change has been more a matter of tactics. U.S. officials also point out that Peking has yet to talk publicly about a "peaceful resolution" or "peaceful reunification" with Taiwan, something which it had done in 1973 during a previous united front campaign.

A WORD OF CAUTION

American officials thus caution against high expectations for full normalization of relations with Peking any time soon. They believe expectations were raised much too high after the initial opening to China and there was a distinct "letdown" on both sides in 1974.

There has been much speculation on the subject of normalization recently, with some observers predicting that President Carter will make a forceful move in that direction after next month's congressional elections. The President makes it clear that he considers normalization of U.S.-China relations one of his top international goals, and Mr. Carter's recent success at Camp David would appear to place him in a better political position to move on the China issue.

But the U.S. is still seeking a formula on the Taiwan question which would be acceptable to Peking but which would also guarantee the security of Taiwan. Peking has yet to renounce the possible use of military force to "liberate" Taiwan, to which the U.S. has defense treaty commitments.

THE NEW OFFENSIVE

In the meantime, U.S. officials are intrigued by what they call Peking's "smiling offensive" toward the West and toward Taiwan.

Peking is wooing the West through ever increasing numbers of visitors to China. A record number of four U.S. congressional delegations, including a total of 35 to 40 senators and congressmen, are expected to visit China during the current congressional recess. Travelers to China report that the flow of visitors is such that hotel accommodations are severely taxed.

A recent congressional delegation led by Rep. Lester Wolff (D) of New York is preparing a report which will quote high-level Chinese officials as saying that there had been two previous occasions when they had cooperated with the Chinese Nationalists in united front-type arrangements and that they "would not rule out" a third occasion when they might cooperate with the Nationalists on Taiwan.

Some observers interpret this as a sign of Peking's "flexibility" on the Taiwan issue, but the Chinese Nationalists have not shown any signs, in public at least, of responding to such gestures from Peking.

APPENDIX E

PRC "DEFENSE WHITE PAPER"¹

PEKING, July 30.—We are greeting the glorious festive day of the PLA's founding anniversary in the excellent situation of winning significant victories in grasping the key link and running the country well.

Combining the universal truth of Marxism-Leninism with the concrete practice of the Chinese revolution, the great leader and teacher Chairman Mao blazed a new path of encircling the cities from the countryside and seizing political power by armed force.

At the critical moment of our defeat in the first revolutionary civil war, Chairman Mao and his close comrades-in-arms, Premier Chou En-lai and NPC Standing Committee Chairman Chu and other proletarian revolutionaries of the older generation, founded this heroic army of the proletariat and, at another critical moment in the Chinese revolution as a result of Wang Wing's erroneous line, led us in the world-shaking Long March. The victory of the Long March laid the foundation for defeating the Japanese aggressors, burying the Chiang family dynasty and founding the new China. Now the party Central Committee headed by wise leader Chairman Hua, after scoring the historical victory of smashing the "gang of four," has formulated the general task for the new period and is leading us on a new Long March. This is another monumental world-shaking heroic undertaking. "The Red Army fears not the trials of the Long March, holding light ten thousand crags and torrents."

To celebrate the PLA's founding anniversary, we should make greater efforts to carry forward the glorious tradition of the then worker-peasant Red army's Long March and advance valiantly to realize China's Socialist modernization in agriculture, industry, national defense and science and technology.

It should be noted that our new Long March is being carried out in an international atmosphere of great disquietude. Building our country into a modernized Socialist power pleases the people but frightens our enemy. That vicious enemy who has not given up its ambition to subjugate China will certainly resort to all possible means to undermine it, and it is possible that it might resort to war. In an incisive analysis of the international situation, Chairman Hua has clearly pointed out: "The factors for war. The danger of a world war is growing menace to the people of the world" and called on us to "maintain a high level of vigilance and be prepared against a war of aggression launched by the superpowers." We must hold aloft the great banner of Chairman Mao and, under the wise leadership of the party Central Committee headed by Chairman Hua, implement the line of the 11th CCP National Congress, the general task of the new period and the policy and tasks of grasping the key link and running the army well and being ready to fight formulated by the Military Commission meeting. We must race against the enemy for time and speed, strive to do a good job in preparedness against war and always be ready to smash social imperialism and imperialism in any aggressive war they might unleash.

A question that worries the people of all countries is whether a third world war will break out. There was an interval of only 21 years between World War I and World War II. Since the end of World War II, there has been no world war in the ensuing 33 years. Although there have been incessant small wars and local wars of a comparatively large scale. How long will this situation last? Can a new world war be averted after all? World opinion varies on this question. The Soviet revisionists allege that "détente has become a secure and irresistible course" and that "conditions exist for negating the inevitability of war," while U.S. imperialism claims that a Soviet-U.S. agreement on limiting strategic arms

¹ Article by Hsu Hsiang-chien: "Heighten Vigilance, Be Ready to Fight," published in Red Flag No. 81.

will avert a world war. All this is humbug. Western appeasers believe that compromising with, making concessions to and appeasing the Soviet Union will enable them to attain peace through begging. Others believe that both the Soviet Union and the United States have nuclear weapons, that each is afraid of the other and that so long as the nuclear balance is not tipped, war might be averted.

The Marxist viewpoint is fundamentally different. We hold that in a class society, war is a phenomena between two periods of peace. War is the continuation of politics and also the continuation of peace. A new world war can only be delayed, but it is inevitable. The people of our country and the whole world cherish peace and oppose war. The longer the peaceful international environment is preserved, the better it is for the people of all countries. However, as Lenin once described it, the present remains an era of imperialism and proletarian revolution. Imperialism and social-imperialism exist in this world, and so long as those social systems remain unchanged war is inevitable. The two superpowers, the Soviet Union and the United States, are both seeking world hegemony. Soviet social-imperialism in particular is desperately contending for world hegemony and has become the root cause of the further sharpening of all kinds of basic contradictions in the contemporary world as well as the root cause of the world's unrest. The two superpowers, the Soviet Union and the United States, are locked in a fierce struggle for hegemony, and as a result, World War III will break out one day. We have noted this point on a number of occasions. Is it because we like war? No, we are resolutely opposed to war. Opposition to a new world war is embodied in our nation's constitution. However, the danger of war stands out as an objective reality. By looking at it squarely and emphasizing it, we want to enable people to maintain a high state of vigilance against a new world war and strive to put off the outbreak of war. Once war breaks out, we should form the broadest global united front possible to deal a fatal blow to the one who unleashed the war.

The international situation has undergone tremendous changes in the 33 years since the war ended. Countries want independence, nations want liberation and people want revolution. This has become an irresistible historical trend. U.S. imperialism has slipped rapidly from its hegemonic position in the capitalist world, while the Soviet Union has changed from a socialist country to a social-imperialist country. The imperialist camp is split and disintegrated, the socialist camp no longer exists. The contention by the two superpowers, the Soviet Union and the United States, for world hegemony and the struggle by the world's people against them have become the center of activities in current world politics. Having scientifically analyzed the new changes in the international class struggle, Chairman Mao put forth the great three worlds theory in which he defined the principal revolutionary force, the middle force that can be won over and rallied, and the principal enemy, thereby further exposing the nature of Soviet social-imperialism, pointing out the danger of a new world war and charting a course for the people of the whole world in their struggle against the hegemonic powers, particularly Soviet social-imperialism.

The Soviet social system has changed and so has its policies. This is reflected in its foreign relations, in which it vigorously pushes hegemonism and expansionism. The Soviet Union is an up-and-coming imperialism. While its economy is based on highly concentrated state monopoly capitalism, its economic strength is somewhat incompatible with it, and thus it has to primarily rely on its military might and threats of war to engage in expansionism. The Soviet Union has set up a fascist dictatorship, thereby making it easier to militarize its entire national economy and state machinery. It has totally inherited the reactionary mantle of the old tsars while simultaneously cloaking itself in socialism. It is therefore avaricious, adventurous and deceitful in nature. With the role of the United States weakening, the hands of the Soviet Union are reaching out farther and farther, thereby becoming a source of world war far more dangerous than the United States.

The strategic goal of Soviet social-imperialism is to seek world hegemony. It harbors a great ambition, namely, "intending to seize all of Europe, Asia and Africa." Regarding the United States as its opponent, it has resorted to political, economic and military measures to engage in a fierce rivalry for world hegemony. It considers Europe a key area for contention, and it has thus deployed more than three-fourths of its military strength in Europe proper and Eastern Europe to control Eastern Europe and pose a threat to Western Europe. Taking advantage of the slackness and weakness of the West European countries, it has stepped up its tactic of crushing them one by one. It has amassed a large number of warships

in the southern and northern straits of Europe in order to encircle Western Europe. Its northern and Baltic Sea fleets constantly send fighting ships on cruises in the Atlantic Ocean, and its Black Sea Fleet often appears in the Mediterranean to display its power, in a vain attempt to cut off contact between Western Europe and the United States in wartime. In order to outflank Europe and subdue the West European countries without attacking them, it has made desperate efforts to contend for the Middle East, Africa and the Gulf area, seize important strategic positions, seek domination of the sea, foster and aid pro-Soviet forces, subvert sovereign states and rob energy resources. Of late, the Soviet Union has even quickened its pace of aggression and expansion by hook or by crook, and in a more violent, flagrant way. In Africa, it has incited one country against the other, created incidents, provoked war everywhere and sent Cuban mercenaries to pull its chestnuts out of the fire. Cuba has become the Soviet Union's satellite and accomplice, as well as a Soviet agent in wrecking the nonaligned movement. In the south Asian and Red Sea regions, it has resorted to the most cruel and vicious tactics to direct and support certain pro-Soviet forces to engage in assassination and subversion and incite coup d'états. It has even dispatched its military personnel to these regions to participate in the engineering of bloody incidents so as to facilitate its southward advance toward ice-free ports. In Southeast Asia, it has encouraged and aided that Vietnamese authority which pursues regional hegemonism to provoke incidents everywhere, launch armed aggression against Kampuchea and serve as a Cuba in the East. Is there any region where a change is taking place or a disturbance is going on where the evil shadow of Soviet social-imperialism does not loom? It is because of its wild attacks that the danger of a world war is obviously increasing.

In order to realize its ambition of seeking world hegemony by force, the Soviet Union is locked in an arms race with the United States on an unprecedented scale and at unprecedented speed. In the past few years, its military expenditures have reached more than \$100 billion a year which, added to its other expenses allocated for military purposes, account for 20 percent of its gross national product. The number of its troops in combat readiness has increased from 3 million to more than 4 million. In addition, it has stored nuclear weapons equivalent to some 10 billion tons of TNT, produced several dozen thousand tanks and built up an offensive naval fleet capable of fighting on the high seas. At present, the Soviet Union possesses almost an equal number of strategic weapons as the United States, but its conventional weapons surpass the combined number of those possessed by the United States and the West European countries. It has therefore become a super-military power. Atomic bombs and guided missiles are not bread and butter, and aircraft, warships, tanks and cannons cannot be regarded as goulash. They are not things you can eat or wear and their accumulation is for no purpose other than to fight a world war. Is it for "self-defense?" Or for good appearance? The new Soviet tsars are on the back of an unbridled horse of arms expansion and war preparation moving from post to pillar and from pillar to post. At a certain time, they will itch for action. This is independent of man's will.

The Soviet Union and the United States have both taken offensive and defensive steps in their global rivalry, but the former is mainly in an offensive posture while the latter is in a defensive posture. In contending for each and every place, the Soviet Union invariably seeks to seize a piece of meat off the U.S. plate. Ambitious and covetous as it is, can the Soviet Union stop without having seized all the meat off the U.S. plate? Meanwhile, the United States is still powerful to a certain degree, but will it let the things it has already seized be robbed by others? Chairman Mao said: "The United States wants to protect its interests in the world and the Soviet Union wants to expand; and this can in no way be changed." The contradiction between the Soviet Union and the United States is irreconcilable and their contention is bound to continue. Lenin had a famous saying: "The content of imperialist politics is 'world domination' and the continuation of these politics is imperialist war." Today, only the Soviet Union and the United States want to and are qualified to fight a world war. It will either be the Soviet Union or the United States that ignites the spark of war, and the danger comes mainly from the arctic bear. Brezhnev and his ilk have asserted that "a world war is no longer unavoidable." How can these Hitlerian lies cover up cruel reality!

A new world war is inevitable. We say this in terms of a law or a tendency and by no means indicating that war is imminent and will be fought very soon. At present, both hegemonic powers, the Soviet Union and the United States, have their own weaknesses and problems. By nature, Soviet social-imperialism, is weak and its ambition far exceeds its strength. Its aggressive and expansionist activities

have often met with frustration, and its global strategic plan for launching a world war is yet to be completed. Beset with growing crises, the United States is also finding the going tougher and tougher with each passing day. As long as we act in accordance with Chairman Mao's great theory of differentiating the three worlds to unite with the Third World, win over the second world, form an extensive international united front against the two hegemonic powers, the Soviet Union and the United States, and lay emphasis on exposing and attacking the aggressive and war policies pursued by Soviet social-imperialism, it is possible to delay the outbreak of war.

Social-imperialism and imperialism only pay attention to positions of strength. They will bully you if you are weak but be afraid of you if you are strong. To cope with their counterrevolutionary policy of strength, we must carry out a revolutionary policy of strength. Soviet social-imperialism is filled with arrogance by virtue of its certain superiority in weaponry and equipment. However, it will stop and think provided the people of all countries strengthen their own defensive capabilities, make earnest efforts to insure their preparedness against war and vigorously increase their strength against wars of aggression. We will be in an advantageous position even if Soviet social-imperialism becomes so mad as to provoke a war in disregard of all the consequences.

In launching a global war, social-imperialism and imperialism must establish certain naval and air bases and seize and occupy certain key strategic positions in various places throughout the world. In order to delay the outbreak of war, we must stand on the side of the people throughout the world and make earnest efforts to disrupt the global strategic deployment of the two hegemonic powers, the Soviet Union in particular. Wherever the Soviet Union is making trouble, we should help and aid the people there so they can carry out a resolute struggle against it. We should cut off the Soviet Union's claws wherever they stretch. The more resolute the struggle we wage and the stronger the attack we make, we will be better able to throw into confusion the Soviet Union's timetable for launching a war.

Appeasement is the catalyst of war. To postpone the outbreak of war it is necessary to oppose appeasement of the Soviet Union, regardless of whether it is military, political or economic. The nature of Soviet social imperialism can never change. Its methods, tactics and means of contending for hegemony may change, but not the goal of its established global strategy. If you compromise and yield to it, it will demand still more, whether you sign a so-called disarmament agreement or a so-called SALT accord. The Soviets will not be bound by it. These accords cannot maintain a so-called "nuclear balance" or "nuclear stalemate," nor can they forestall any conventional war by the U.S.S.R. The attempt to divert the peril, the Soviet Union, eastward to China is to lift a rock only to drop it on one's own feet. Giving loans, grain and advanced technology to the U.S.S.R. will only help it overcome its economic difficulties and increase its strategic stockpile, and will not in the least control it. A fed bear will not change its cannibal nature. Why was Hitler able to initiate a war? Wasn't it because of Chamberlain, Daladier and their ilk that he became much stronger militarily and economically? Today, a trend toward appeasement is prevalent in the West. It suits the needs of the Soviet Union for aggression and expansion, enhances its strategic global position, and stimulates the growth of the factors for war. By pursuing such a policy, one is sure to reap the bitter fruits of his own sowing, just like nourishing a tiger so that it becomes a source of trouble later.

The great People's Republic of China is a formidable obstacle to Soviet social-imperialism's contention for world hegemony. "Soviet revisionism will never relinquish its ambition of subjugating China" and harbors inveterate hatred for China. The Khrushchev-Brezhnev renegade clique has not only totally inherited the old tsars' policy of aggression and expansion, but has gone much further. With malicious intentions Khrushchev proposed establishing a "joint fleet" and a "long wave radio station" in China, engaged in subversive activities in the Sinkiang area and raved about the so-called "yellow peril" in Western nations in an attempt to have China destroyed by other people. Even more ferocious, Brezhnev has bared all his fangs. The Soviet Union has stationed a million troops along the Sino-Soviet border areas and in Mongolia, has deployed offensive strategic weapons there, has greatly strengthened the power of its Pacific Fleet, frequently holds large-scale military exercises with the intention of invading China and has plotted to perform "surgical nuclear operations" on China, posing a direct military threat to China. It has constantly intruded into China's territorial land, waters and airspace and created a series of grave incidents, including the Chenpao

Island and Tichliekti incidents. It has mobilized all its propaganda machinery to incite anti-China hysteria. Not long ago, Brezhnev personally sneaked into Siberia and the Soviet Far East to encourage the Soviet troops and issue war cries. The Soviet Union has been desperately trying to foster pro-Soviet forces, seek military bases and peddle the "Asian security system" in countries and areas around China in a wild attempt to strategically encircle China. More recently, as the Vietnamese authorities' rabid anti-China activities have seriously eroded Sino-Vietnamese relations, the Soviet Union has popped up from behind the scenes to fabricate lies, slander China and blatantly engage in incitement and agitation, fully revealing its sinister intention of encircling China in all possible ways while intruding into Southeast Asia, an area long-coveted by the Soviet Union. All of Soviet social-imperialism's acts are of course aimed against the United States and threaten Japan, yet it is also making increasing efforts to prepare for an aggressive war against China.

Soviet social imperialism is our chief and most dangerous enemy. We must deal with it seriously. Faced with the lofty task of strengthening socialist construction and realizing the four modernizations, the people of our country have a pressing need for a peaceful environment. However, we have never feared war and will never beg for peace. In dealing with Soviet social imperialism, we will still use the old method for dealing with all reactionaries called tit for tat. Chairman Mao has taught us: "We must be prepared to deal with surprise attacks. As long as imperialists exist in the world, there will be some idiots who, in disregard of the people's opposition, will impose world war on the people. We must fully calculate such possibility." We must continue to assume that the enemy will start a war sooner than is expected. We must be prepared for a war that is bigger than expected, for a nuclear war and for the enemy's surprise attack. We should race against time and do a good job in making every preparation for a war against aggression.

The most fundamental things in preparing well for a war against aggression are holding aloft the great banner of Chairman Mao, resolutely implementing Chairman Mao's thinking on military affairs, implementing the line of the 11th party congress and the general task for the new period, implementing the principles and tasks of grasping the key link and running the army well and of being prepared for war as decided on by the conference of the military commission, firmly grasping the key link of exposing and criticizing the "gang of four," grasping the key links in army work of "it is necessary to consolidate the army" and "prepare for fighting," speeding up the achievement of our country's four modernizations, speeding up the building of our army's revolutionization and modernization, doing a good job in preparing mentally and materially for fighting, and laying a concrete foundation for fighting a people's war under modern conditions.

People's war is the core of the system of Chairman Mao's military thinking. It is a magic weapon with which to defeat the enemy and win victory and a secret master plan for overcoming the aggressors bequeathed to us by Chairman Mao. Chairman Mao said: "The army and people are the foundation of victory," "the deepest roots of the power of war lie among the people," and "mobilizing the ordinary citizens of the whole country means creating a vast ocean for pulling the enemy down under the waves, creating conditions for making up for the shortcomings in weapons and other things and creating prerequisites for overcoming all difficulties in war." In the past, by relying on the people's war we have defeated powerful enemies at home and abroad; in the future, we should still make full use of our country's vast land and population, superior system, rich, glorious tradition of people's war and other favorable conditions, and win victory in a hard, bitter and protracted people's war.

In the future antiaggression war, our enemy's only superiority will be its slightly better military technology, weapons and equipment. However, its military theories are corrupt and reactionary, and the aggressive war they launch will be unjust and divorced from the people and will be fought with soldiers who are low in spirit and morale. Therefore, no matter what the quantity or quality of their weapons and equipment, their role cannot be brought into full play. The higher the degree of their modernization, the more they will depend on fuel, communications, transportation and logistics and supplies. We have a sharp weapon—Chairman Mao's most advanced thinking on military affairs—and weapons and equipment that are far better than those we had in the past. If the enemy dares to invade, we can rely on the principal armies and the local armies to wipe out large numbers of them and we can mobilize the broad masses of militiamen and people to use the enemy's weak points, strike at the enemy extensively and destroy its communica-

tions and transportation, gas pipelines and supplies. Each of us is a fighter, every village is a bastion and every part of our land is a battlefield. No matter how many troops they have, they will not be able to withstand our kind of blows and attrition. Did not those Westerners with some military foresight say: To attack socialist China is a military taboo; if one is trapped there, one can never pull out. This opinion is very incisive. The people's war has limitless power and great promise. Because of this, we are filled with confidence in victory.

Chairman Mao has pointed out: "Marxism must become further developed and should develop with practice. It should not remain stagnant. If it does and maintains old ways, it will be lifeless." The same is true for the theory of people's war which must develop in line with historical developments. We must adhere to the basic principle of Marxism and Mao Tse-tung thought—seeking truth from facts—analyze and study the practical situation, and solve practical problems by proceeding from practical conditions. Modern war has many different characteristics compared with past wars. Our enemy has greatly changed and we are also very different from what we were in the past. This means that we must more closely integrate Chairman Mao's thinking on people's war with the new historic conditions, conscientiously study the new characteristics and laws of people's war under modern conditions, and do a good job of making preparations in all fields.

The three-in-one system of combining the field armies, the regional armies and the militia is the best way to organize a people's war. The future antiaggression war will be a large-scale people's war against the enemy who will be everywhere—in the front, in the rear, in the air, on the sea, on the ground and under the ground—and we will have all the more reason to adhere to the three-in-one system of combining the armed forces. It is not only necessary to have a people's army with modernized equipment under absolute party leadership. It is also necessary to have the cooperation of the broad masses of militiamen. If we have only a regular army without the broad masses of militiamen, we will not be able to maintain an endless supply of troops and the powerful support of the masses. No matter how powerful our field armies are, they will only be like a one-armed general. If we only have regional armies and the militia without the field armies, we will be without the main structure of a people's war. By opposing and disrupting the army and engaging in a "second armed force," Lin Piao and the "gang of four" greatly sabotaged army and militia building and the three-in-one system of combining the armed forces. While doing a good job in building the field and regional armies, we must also do a good job in providing the militia with a solid organizational, political and military base, raising militia building to a new level; and developing the broad masses of militiamen into a really powerful reserve force for the various arms and services which will be able to efficiently attack and wipe out the enemy, in cooperation with the PLA units, in time of war.

Actively defending and luring the enemy in deep are the basic principles of our strategy for winning a future antiaggression war. Chairman Mao said that if a fisherman doesn't give any bait to the fish, the fish will not be caught. Resisting the enemy outside the country has never been a good method. Our country is a socialist country and our socialist system determines that our strategic principle should be one of active defense. In dealing with aggressors, we will strike at the enemy after we allow him to come in and then strategically gain mastery by striking him again. The tricks peddled by Lin Piao and the "gang of four"—such as "hooking horns" with the enemy "lock, stock and barrel"—totally reflected the passive defense of resisting the enemy outside the country, a method which has long since been criticized. The situation will be reasonable and favorable for us and our struggle will be easier only if we allow the enemy to come in and then strike at him. Only by doing so can we force the enemy to scatter his forces, carry the burden on his shoulders and be encircled and trapped by all the people; only by doing so can we utilize our strong points to attack the enemy's weak points and destroy the enemy troops one after another. However, luring the enemy in deep does not mean allowing the enemy to go wherever he likes; it means forcing him to move in the direction we want, organizing a strong defense with our priorities well-placed, preventing the enemy from driving deep into our areas, leading him to battlefields prepared and organized in advance, and, in accordance with actual conditions, concentrating our superior forces on wiping out the enemy troops by one one by using Chairman Mao's 10 major principles on military affairs. We must adhere to the principle of protracted war. We firmly believe that by carrying out an arduous and protracted struggle, we will be able to gradually change the balance of forces between the enemy and ourselves, carry out a strategic counteroffensive and win final victory.

Strengthening education and training in army and military science research is an important strategic task for improving fighting skills used in a people's war under modern conditions. Engels pointed out: "With only enthusiasm but without training and organization, nobody can win a war." Modern warfare places higher demands on the army and militia with regard to organizational and command abilities and tactical skills. Wielding the big stick of a "purely military viewpoint" to wantonly attack people everywhere, Lin Piao and the "gang of four" practiced out-and-out liquidationism with regard to military training and military science studies. We must raise the levels of education and training in order to reach a strategic position, increase military science studies, improve the military quality and scientific and cultural levels of cadre fighters, and run the army as a big school. It is necessary to comprehensively and accurately study and implement Chairman Mao's military thinking and conduct conscientious research on the enemy's characteristics and the laws of modern warfare. To meet the needs of actual war, it is essential to set strict standards for training and place strict demands on the army, carry out mass military training programs in an extensive, down-to-earth way, improve the content and methods of training in light of the improvements and most recent developments in military science and techniques, and guard against formalism and championship mentality. It is imperative to use Chairman Mao's military thinking to systematically adjust and sum up our experiences in carrying out army building and combat and in developing advanced military science which belongs to China's proletariat. It is necessary to run military academies and schools of all categories well, and to train command and technical personnel who are both Red and expert and capable of carrying out modern warfare. It is essential to strengthen militia training and actively promote a mass campaign for learning military skills. By so doing we will be able to achieve an improved state of the military art with which our country's army and people can triumph over the enemy.

Acceleration of the development of national defense science and technology and the national defense industry and improvement of weapons and equipment are our material bases in increasing the strength of people's war under modern conditions. We wage just wars and, as long as we bring the potential of available weapons and equipment into full play and make flexible use of the strategy and tactics of a people's war, we will be able to triumph over better-equipped enemies with our inferior equipment. This is our historical experience. However, in the present age in which science and technology is developing by leaps and bounds, we will be the subject of attack if we do not have modernized and powerful national defense strength and do not master all the weapons as well as the struggle tactics and methods which the enemy already possesses or may possess. We should quickly improve the backwardness of our army's weapons and equipment, caused by the sabotage of Lin Piao and the "gang of four," and rapidly carry out a national defense modernization program simultaneously with the acceleration of national economic construction. It is also necessary to pay attention to learning from the advanced experiences of foreign countries, effectively improve the weapons and equipment of our army, navy, air force and militia and not only have modern conventional arms and sufficient ammunition but also improve the quality of atom bombs, guided missiles and other sophisticated weaponry and equipment. If our army has high political consciousness, masters advanced military scientific theories and techniques, has the support of people throughout the country, and possesses modern arms and equipment, we will be greatly strengthened and will be more confident of defeating the enemy.

Building our strategic rear into a powerful, solid base area is a reliable means for carrying out people's war. In modern warfare, no big differences exist between the front and the rear and all areas affected by the war are subject to possible division and isolation. This demands that we build the vast rear area into a strategic base capable not only of supporting a protracted war but also of fighting the war independently. We must thoroughly criticize the crimes of Lin Piao and the "gang of four" in undermining our army's construction work and accelerate the revolutionization and modernization of logistics. In accordance with the principle of integrating the army with the people and combining work during peacetime with work during wartime, we should quickly build necessary communications, medical and health facilities, oil pipelines, maintenance depots and other war-supportive projects, gradually increase our reserves of strategic materials and build a firmly complete, integrated network in a modern, well-stocked rear base.

Strengthening the building of people's air defense is a major strategic measure for saving oneself and destroying the enemy in a modern war and a development

of Chairman Mao's concept of people's war under new historic conditions. In the face of the stockpiling of guided missiles and nuclear weapons by social-imperialism and imperialism and their habitual surprise attacks, we must conscientiously improve the building of people's air defense so that in case of war we can conserve our strength, minimize losses and avoid confusion, thus smoothly transforming the country from a state of peace to a state of war. Lin Piao basically ignored the work of people's air defense and "submitted it to the will of god." The "gang of four" babbled that "there is still plenty of time to carry out construction projects for people's air defense even after a war breaks out." They completely disregarded national security and public safety. In light of Chairman Mao's instruction of "dig tunnels deep" and the plans of the party Central Committee headed by Chairman Hua, we must fully mobilize the masses to persist in the principle of self-reliance and hard work. In response to the call for integrating peacetime production with preparedness against war and offense with defense, we must speed up the building of people's air defense projects, with good-quality work, not only in important cities but in other cities when conditions are available, and in vital localities. Future urban construction and capital construction must take into full account the strategic requirements of people's air defense. It is necessary to build our country's people's air defense system into an underground "great wall" which will provide conditions for people to live, engage in production, defend themselves, launch offensives, and carry out tunnel warfare and street fighting at the same time.

Restoring and carrying forward the fine traditions of the political and ideological work of our party and army and giving full play to the power of this work are important guarantees for winning a future war against aggression, as well as for achieving our country's socialist modernization. Political work is the lifeblood of our army, the source of its fighting capability and a decisive factor in upholding absolute party leadership over the army and preserving our army's proletarian nature. A future war against aggression will be the most fierce and most cruel war ever. Therefore, our troops will have to have a higher degree of awareness, a more heroic fighting spirit, stricter discipline, more centralized, unified purpose and closer unity and cooperation. Without powerful political work, it will be impossible to meet all these requirements. Under the new historical conditions it is necessary to enable vast numbers of commanders and fighters to always maintain a high degree of revolutionary vigilance, overcome a false sense of peace and tranquillity, and always prepare well for crushing the subversion and aggression of social-imperialism and imperialism and liberating Taiwan, all this requires greater efforts in strengthening political and ideological work. We must thoroughly eliminate the pernicious influence of Lin Piao and the "gang of four" in political work, oppose any tendency to weaken this work, conscientiously grasp class struggle in the ideological field, straighten things out in every field of work, particularly by consolidating the leading bodies, and strengthen political and ideological work at the grassroots level so as to promote the fine political work traditions fostered by Chairman Mao. We must also persist in the principles of seeking truth from facts, proceeding with everything from reality, and integrating theory with practice, carry out political and ideological work in all fields to achieve the general task for the new period and the various tasks in grasping the key link, running the army well and preparing to fight, and make good use of the fine traditions of political work in a modern war so that this work can play its dual role of leading all other work and guaranteeing its accomplishment. Only by so doing can we successfully put modernization in command of revolutionization; insure a socialist orientation in the development of our modernization; train more Lei Feng-type cadres and fighters, Hard-Bone 6th Company-type companies and leading bodies like the party committee of the 1st Air Force Flight Division; and, along with thoroughly improving the army's combat strength, fight a vigorous, awe-inspiring people's war in time of war.

Chairman Mao repeatedly stressed: "The whole party must pay great attention to war, study military affairs and prepare to fight." Stepping up war preparedness is not purely a military event but a major event for the entire party, people throughout the country and all national fronts. A powerful national defense is based on a strong national economy. Only faster development of economic construction can provide greater progress in the building of national defense, and only powerful national defense capabilities can reliably insure the motherland's security and smooth realization of the general task for the new period. The working class, poor and lower-middle peasants, revolutionary soldiers and intellectuals in our country must work hard at their posts to accelerate the realization of the four modernizations and expand our country's economic and defense strengths. In other words, they must contribute their share to stepping up war preparedness.

We will not attack unless we are attacked; if we are attacked, we will certainly counterattack. Let the enemy who dares to launch a war of aggression against our country have a go at it. The 800 million army men and people of our country have long been ready in their battle array. We are armed with Chairman Mao's invincible military thought. We have the wise leader Chairman Hua to serve as our supreme commander and the party Central Committee and its Military Commission headed by Chairman Hua to correctly guide us. We have battle-tested veteran proletarian strategists and the invincible People's Liberation Army, vast numbers of militiamen and people of all nationalities who were tempered during decades of war. We have rich experience in vanquishing the enemy through people's war and fine political work traditions. We have the sympathy and support of people all over the world. No matter when and where the enemy attacks us, we will wipe him out lock, stock and barrel.

Chairman Mao pointed out: "Every just, revolutionary war is endowed with tremendous power and can transform many things or clear the way for their transformation." If social-imperialism and imperialism insist on imposing a new global war on the people of the world, they will spur the world's people to rise in revolution. Social-imperialism and imperialism definitely cannot escape their destiny—total destruction. Socialism and communism will prevail all over the world.

APPENDIX F

SUMMARIES OF 1977 NORMALIZATION HEARINGS HELD BY THE SUBCOMMITTEE ON ASIAN AND PACIFIC AFFAIRS

"NORMALIZATION WITH THE PRC: GLOBAL IMPLICATIONS," SEPTEMBER 20, 1977

SUMMARY OF TESTIMONY

A. Doak Barnett, Brookings, finds P.R.C.-U.S. relations at a critical juncture and is concerned that, unless these relations move forward, they may very likely weaken to the detriment of U.S. global and regional interests.

Barnett sees little hope for a "Two China" policy. Both Peking and Taiwan have rejected it and whatever chance it once had disappeared with the admission of the P.R.C. to the U.N., and its recognition as the Government of China by over 100 nations.

Barnett believes that even after normalization Taiwan can continue to prosper. The P.R.C. has made clear its willingness to accept a continuation of non-government United States-Taiwan ties. Moreover, the P.R.C. presently lacks the military capacity to launch an invasion of Taiwan and in the future it will be deterred by the political risk of rekindling U.S. antagonism. The future of Taiwan, he asserts, "will take years to decide * * * and will depend essentially on long term trends in both China and Taiwan, rather than on what the U.S. does or does not do."

Barnett argues that our future success in arms control and nuclear non-proliferation negotiations requires the participation of the P.R.C. and that long run regional stability likewise requires P.R.C. participation, or at least its acquiescence. Thus, "our ability or failure to establish and maintain a viable relationship with the People's Republic of China could have a tremendous impact on broad U.S. interests * * * and full normalization of relations is clearly a prerequisite for establishing a viable relationship".

Robert A. Scalapino, University of California, argues that Soviet-American relations are, and, for the foreseeable future, will continue, to be of greater importance to the United States than Sino-American relations. Scalapino cautions that a policy of aligning with China will "inevitably" result in a deterioration of Soviet-American relations and a destabilization of conditions in Asia.

While emphasizing that a decision to normalize relations with the P.R.C. cannot be equated to an alliance, Scalapino warns that a decision on normalization must address the question of whether it can be done without damaging United States credibility and commitments. Scalapino maintains that, in light of our recent experience in Southeast Asia, a decision to break relations with Taiwan would be interpreted as signifying a broad scale U.S. withdrawal from Asia and raise questions of our credibility and commitments not only within the region, but also within an international context.

Scalapino concludes that the U.S. must make the critical distinction "between playing Peking's game of allowing ourselves to be drawn into confrontation with Russia * * * and maintaining an economic, political and military posture that assures all states of our will and capacities regarding those commitments and policies which we believe to be in our interests."

Allen S. Whiting, University of Michigan, cautions against undue delay in recognizing the P.R.C. and urges that the normalization process be completed before the onset of the next presidential campaign.

While acknowledging that all signs indicate a continuation of Sino-Soviet antagonism, Whiting warns against ruling out tactical changes in Sino-Soviet relations within the next five years, particularly if the current stalemate in U.S.-P.R.C. relations continues.

Whiting emphasizes that normalization is not the end for Taiwan. The P.R.C. has made clear its acceptance of continued United States-Taiwan commercial-economic ties along the lines of the Japanese formula. Moreover, signs indicate

that the P.R.C. is more concerned with the abrogation of the U.S.-R.O.C. mutual defense treaty than with the immediate reintegration of Taiwan with the mainland.

Whiting concludes that, with a well prepared approach to the completion of the normalization process, including assurances of our continuing support for our Asian allies, recognition of the P.R.C. will well serve P.R.C.-U.S. relations as well as regional development and stability.

Nathaniel Thayer, Johns Hopkins, takes up the attitudes of various Asian governments with reference to the normalization of relations between the United States and the P.R.C. Thayer concludes that the governments of the Philippines, South Korea, Thailand, Indonesia, Japan, and Australia all view normalization as inevitable, but differ concerning the impact of the decision on the region. Australia, the most optimistic. South Korea, the most pessimistic.

Many of those same governments are concerned with the fate of Taiwan after normalization and worried as to how far the United States will go for the P.R.C. They place the fate of Taiwan in a context of relations between large states and small states, and watch the U.S. treatment of Taiwan for clues to their own fate should their interests ever conflict with those of a major power.

Thayer believes that normalization will strengthen the international system. At the same time, he also believes that the United States must fully reassure its allies with regard to our credibility and commitments.

Thayer concludes: "We are too big to play big-power politics and ignore small states. If anything, we should follow the edict of Chairman Mao and lean to one side—the side of small states. That has been our strength in the past. That will probably be our strength in the future."

"CHINA NORMALIZATION: LEGISLATIVE AND LEGAL IMPLICATIONS," SEPTEMBER 21, 1977

SUMMARY OF TESTIMONY

Jerome Cohen, Harvard, feels the United States should move as rapidly as possible to normalize, but stresses "no one is talking about unconditional normalization". Cohen feels international law precedents imply that all United States-Taiwan treaties and agreements will automatically lapse with withdrawal of recognition from the ROC.

Cohen disagrees with Victor Li (below) that the U.S.-ROC treaties, particularly the Mutual Defense Treaty, could survive in any form without Peking's express permission following normalization.

"I do not know of any case in which a country that has transferred recognition from Taipei to Peking has been able to maintain its treaties with Taipei". The Japanese Formula is "an elaborate web of unofficial agreements to replace * * * treaties it had previously maintained."

However, to replace the Mutual Defense Treaty, Cohen feels "* * * the U.S. is free to make a unilateral defense commitment through a Presidential statement * * * or through Presidential-Congressional cooperation."

Cohen's main point is that normalization is a political decision which, having been made, will compel the legal problems to be worked out, and he urges Congress to help anticipate the switch by passing the needed amendments and new legislation in advance.

Victor Li, Stanford, agrees with Cohen's device of using the "authorities on Taiwan" as a method of dealing with the de facto control over Taiwan which Taipei will exert even after de jure recognition of Peking as the Government of China takes place.

But, Li strongly disagrees with Cohen's contention that all treaties and agreements will automatically lapse. Li feels that specific U.S. abrogation—particularly of the Mutual Defense Treaty—would not only be required, but would be useful.

Li wants the United States to give Taiwan the 12-month "notice" required by the defense treaty terms so Taiwan could gain time to psychologically adjust to what it has to date characterized as a disaster.

Li feels the problems surrounding the security aspect—and the defense treaty—to be the key to unlocking the political dilemma surrounding normalization. He urges "clearing away the underbrush" to focus on the security aspect. All else is mere detail, and will follow suit once the political decisions are made.

Li says the key to breaking the impasse lies in the fact that the Shanghai Communiqué does not require the United States to break the defense treaty, only to withdraw troops and recognize the P.R.C. as the Government of China. Therefore, by continuing to deal with "the authorities on Taiwan," considerable flexibility will be gained in the U.S. bargaining position with the P.R.C. regarding Taiwan's economic future.

Francis Valeo, former Secretary of the U.S. Senate, stresses the political nature of the decision, feels it is almost entirely up to the President, the sole role for Congress being the economic enabling legislation, which can be "after the fact."

Valeo does not feel Senate "approval" of abrogation of the Mutual Defense Treaty is Constitutionally mandated by the fact that the treaty was approved by the Senate in the first place.

Valeo offers a "Draft Joint Resolution on Chinese Relations" he feels will simplify the otherwise terrifyingly complex task of amending in detail the laws and regulations governing relations, commerce and trade with Taiwan. His resolution states:

1. In any existing provision of law or regulation pursuant thereto, the term Republic of China or variations thereon shall be deemed to apply only to the territory referred to in Article 6 of the Mutual Defense Treaty (the island of Taiwan and the Pescadores). * * *

2. Notwithstanding any other provisions of law, laws and regulations referred to in Sec. 1 of this Resolution shall remain in force for * * * [Taiwan and the Pescadores] * * * regardless of the state of diplomatic relations between the United States and China unless terminated by Presidential declaration, with Congressional approval.

Eugene Theroux, Washington attorney, China trade specialist, endorses normalization in the same terms as Victor Li: "the question is not whether, but how." But Theroux urges the United States to "confine its negotiations with the P.R.C. to the terms on which an exchange of Ambassadors can occur between Washington and Peking. In this process, neither side should expect the other to make unreciprocated concessions."

"The question of Taiwan and its relationship to the mainland of China must be left to the Chinese themselves," Theroux urges, noting both the P.R.C. and the ROC exercise de facto political authority over their specific territories, but not over each other. "The burden is therefore upon those who favor change in the status quo to make a convincing case that it is in our national best interest in * * *" to go further than exchanging Ambassadors with the P.R.C.

Theroux says the United States should urge the two parties to meet and directly negotiate their differences: the Mutual Defense Treaty "should not be an obstacle to progress in their negotiations, since the P.R.C. has indicated its intention to resolve the Taiwan question peacefully."

On the many treaties and agreements between the United States and Taiwan, he agrees with Victor Li: "There appears to be no principle of international law that withdrawal by one government of political recognition of another ipso facto either terminates or continues prior treaties or agreements between them," therefore, Congress and the President must study the situation and act to keep in force what they will."

"NORMALIZATION WITH THE PRC: FORMULAS," SEPTEMBER 28, 1977

SUMMARY OF TESTIMONY

Ross Terrill, Harvard, warns against U.S. "complacency" because U.S.-PRC relations are better now than pre-1972. He cites the present lack of opportunity for full trade and diplomatic exchange as "frustrating", and inherently damaging to U.S. hopes of influencing the PRC politically through exchanges of visits, Washington-Peking. Consequently, he urges U.S. acceptance of Peking's "Three Points", thus officially recognizing the end of the Chinese civil war which we presently support by backing the Nationalist regime and its "mission" to liberate the mainland.

However, Terrill emphasizes that "to recognize Peking is not to abandon Taiwan," and that the President or Secretary of State should pointedly visit Taipei following recognition of Peking to stress the "essential normalcy" of the United States-Taiwanese relationship, particularly regarding trade, and the security issue.

Terrill noted that a key part of the negotiation process should include strong

U.S. representations regarding the security of the Taiwan straits (although without specifically naming Taiwan) adding "if this is unacceptable to the PRC then negotiations are dubious anyhow."

Terrill makes the same "de jure" and "de facto" distinctions which characterize the testimony of other witnesses, adding that the break with Taiwan must be positive in nature—the United States stressing its concern for formulating a rational, realistic Asia policy, particularly concerning Japan.

Ralph Clough, of Brookings Institution, proposes that in negotiating with China the United States arrive at an "American formula" which would protect its interests in Taiwan, but would not preclude a negotiated peaceful settlement of relations between Taiwan and the mainland Chinese. To this end the United States ought not accept quickly and without appropriate reciprocal concessions Peking's three conditions for normalization.

As part of the "American formula," economic connections will be significant and Clough believes, may depend on political support. Since the U.S. approaches these matters more legalistically than the Asians do, the extremely extralegal Japanese approach will not be workable for the United States. Also highly important will be maintenance of consular relations between the United States and Taiwan, even after diplomatic ties should be severed. Recognizing that the British were unsuccessful in obtaining diplomatic ties with Peking while they kept a consulate in Taipei, Clough considers American ties sufficiently more valuable to China than the United States would be able to obtain the desired arrangement.

In addition to economic and consular ties, there remains the question of defense relations with Taiwan. Clough believes the treaty probably must be set aside. Defending this action will be difficult because there is no guarantee that the mainland would not launch an attack on Taiwan, aside from the military and political risks Peking would run if it did so.

Clough proposes that the "American formula" stop with the Shanghai Communique regarding the connection of Taiwan with mainland China, leaving that question open. Finally, he urges that if the United States accepts Chinese preconditions, and adheres to the Shanghai Communique concerning Taiwan's status, the PRC should be willing to make the concessions necessary to "ensure the security and economic well-being of Taiwan." Once that is done, there could be further progress toward normal relations between the United States and China.

Donald A. Zagoria, Columbia University, argues for a rapid normalization of relations with the PRC and believes that a formula can be found which will enable the United States to recognize the PRC without sacrificing the interests or security of Taiwan.

Zagoria believes that the PRC is anxious to prevent any post-normalization initiatives by Taiwan in the direction of independence and thus, "in the immediate future—five to ten years—Peking should be willing to reach an understanding with the United States that will in effect rule out the use of force against the island."

As a substitute for the U.S.-ROC Security Treaty, Zagoria suggests a joint U.S.-PRC statement that "without specifically mentioning Taiwan, commits both the United States and the PRC, to the continued maintenance of peace and security in Northeast Asia." He further recommends that the United States unilaterally make clear its understanding that the area defined by the joint statement does include Taiwan.

Zagoria concludes that, through the normalization process, the United States and the PRC will be able to arrive at an informal security arrangement to replace the current U.S. treaty commitment to Taiwan.

Robert Barnett, the Asia Society, argues that abrogation of the Mutual Defense Treaty is in our best interest, because it facilitates recognition of the PRC. Contrary to conventional wisdom, however, abrogation is also in Taiwan's interest because the security and stability of the region will be enhanced by a rational U.S. policy of full relations with PRC, Barnett argues.

Barnett feels that maintenance of the treaty will be harmful to the United States precisely because of the "credibility" issue some of Taiwan's defenders raise. A treaty the United States is not really prepared to support militarily will breed "credibility" problems for obvious reasons, as well as raise the question of the American ability to assess its genuine national interest (in Europe as well as in Asia), he says.

However, Barnett believes, and the other witnesses agreed, it would be "both honorable and sensible" for the United States to make clear to Peking its intentions for Taiwan regarding trade and security post-normalization.

Finally, Barnett stresses the importance of the "one China" idea to both Taipei and Peking, saying it is a prime factor in allaying U.S. and Asian—particularly Japanese—fears Peking might resort to force to regain Taiwan.

A "Chinese solution" to Taiwan's future is the best solution and perhaps a "Hong Kong" solution will be in the works, once the United States helps set the process on the right road by establishing full relations with the PRC.

"NORMALIZATION WITH THE PRC: THE ISSUE OF TAIWAN," SEPTEMBER 29, 1977

SUMMARY OF TESTIMONY

Ray Cline, Georgetown Center for Strategic and International Studies, states that in his view there are really two China's today, with distinct cultures and separate territories. The Republic of China has the right to exist with de facto control of Taiwan, the offshore islands, and the Pescadores, and a population of 17 million. As a constitutional government, the ROC is essentially representative and a comparatively open society. It is economically and defensively viable.

The PRC in contrast has suffered instability during change of governments, marked by intrigue and infighting among hopefuls to the premiership. It has taken a hard position on what the United States must relinquish to obtain normalized relations. Expanded diplomatic relations will not provide an improvement in this situation. Americans who have visited the PRC know the limits of contacts with Chinese. Secretary of State Cyrus Vance's trip to Peking was not successful, according to Vice-Premier Teng Hsiao-p'ing, because in Cline's words, Vance "did not bring diplomatic gifts in tribute and kowtow to the rulers of the Central Kingdom." Complying with Peking's demand on withdrawal from Taiwan would not be favored by the American people.

The United States cannot expect the PRC to throw its weight into the balance against the U.S.S.R.; to the extreme that China will do so depends on forces not influenced by American policy. Further, Chinese military power is not limited in everything but man power. Given China's tendencies to be non-aligned in this set of relations, it would be futile to expect a strong alliance with China. Mao and his followers speak kindly of the United States only in contrast to the Soviet Union, and Chou En-lai has made it clear that good relations with the United States is a tactic, not a long term commitment.

The Shanghai Communiqué does not require us to abandon Taiwan, and is a "calculated ambiguity," communicating only an agreement in effect that "it is desirable to broaden the understanding between the two peoples." Secretary of State Henry Kissinger stated hard on the heels of the Shanghai Communiqué that the Mutual Defense Treaty with Taiwan "will be maintained. Nothing has changed on that position." It would be erroneous to assume that if the United States normalizes relations with Peking on Chinese terms, the ROC's situation would not be threatened. And, American credibility with its allies would be damaged, popular pronouncements to the contrary.

In conclusion, Cline strongly emphasizes that the United States must be fair in its dealing with Taiwan and mainland China, including a firm adherence to our treaty ties with the ROC. Further, we should encourage general acceptance of Taiwan as a de facto sovereign state. Something on the order of a German arrangement, with two sovereign states, would be a reasonable model. While there is one Chinese civilization, there are two Chinese states. Recognition of this fact is the beginning of a policy based on reality, not myth.

Parris Chang, Pennsylvania State University, offers an "American formula" as a means of resolving the current US-PRC deadlock. He proposes that the United States recognize the PRC as the government of mainland China and, at the same time, maintain diplomatic and security ties with Taiwan on the condition that the government of Taiwan proclaims that it is the government of "Taiwan and the Pescadores only."

Chang argues that his "American formula" has several merits. One is that it corresponds to political realities both on the mainland and on Taiwan. Secondly, by guaranteeing the independence and security of Taiwan, the United States will demonstrate to the world its concern with the fate of small nations in the planning and execution of its foreign policy. Moreover, it may encourage other nations to resume diplomatic ties with Taiwan.

He concedes that his plan initially will be opposed by the PRC but argues that the PRC will "eventually . . . have to come to terms with international realities."

As for the United States, Chang concludes that: "It is both our moral obligation and national interest to insure the security of Taiwan and not to jeopardize the freedom of the people in Taiwan to decide their own political future."

Harold Hinton, George Washington University, deals with the issues of Taiwan and normalization from a Chinese as well as an American perspective.

China, he points out, has had a long history of not only territorial disunity but also of great flexibility in dealing with territorial disputes. Consequently: "There is no reason why Peking in time should not show some flexibility with Taiwan."

Hinton calls for an understanding between the P.R.C. and Taiwan along the lines of "Two Germanies" formula and argues that an understanding will be facilitated if the stronger P.R.C. is not in a position to coerce Taiwan.

However, in the years since the Shanghai Communique, the PRC attitude towards normalization has become increasingly inflexible as evidenced by its imposition of the three conditions for normalization. This suggests that the PRC "is not really serious about normalization, at last in the near future."

He concludes that the United States is under no obligation to normalize relations and advocates a continuation of the current status quo until Taiwan and the P.R.C., on their own, are able to define a new relationship.

Hungdah Chiu, of the University of Maryland Law School, discusses the Shanghai Communique, analyzing whether it required American acceptance of the PRC's three conditions for normalization of relations. Since the United States has repeatedly assured the ROC that such is not the case, that the American treaty commitment to Taiwan will be kept, it can only be assumed that the Shanghai Communique does not bind the United States to abrogate its ties with the ROC. Further, the Department of State has stated that the President alone cannot bind the country by an explicit commitment; therefore the Shanghai Communique cannot require the United States to abandon a treaty commitment.

The legal status of Taiwan, according to Chiu, is not necessarily that of an integral part of China. Under international and treaty law, Taiwan is not clearly a part of China. The ROC does not claim sovereignty over all the mainland. Further, Taiwan could legally claim to be "terra delicta," and therefore in a position to be independent if it can exert sovereignty over its own territory. While the R.O.C. no longer intends to claim the mainland for force, the P.R.C. still claims the right to "liberate" Taiwan forcibly. Chiu suggests that in view of Taiwan's practical independence this would be contrary to the U.N. Charter.

With regard to the implications for Taiwan of normalization of U.S.-PRC relations, Chiu states that much would depend on the way in which the United States retained its connections with the ROC. Chiu suggests a series of possibilities, ranging from virtual maintenance of the current arrangement, to the "Japanese formula." These would vary in acceptability from the first, which would be preferred, to the last, which would seriously affect the ROC's ability to function. Chiu concludes by saying that the Mutual Defense Treaty is the cornerstone of Taiwan's relations with the United States, and that stability in the Far East would be disturbed if the treaty were terminated.

APPENDIX G

AMERICAN BAR ASSOCIATION DELEGATION

[The following report was prepared by Gerald Lepp, a Council Member, Section of International Law, American Bar Association. Mr. Lepp was a member of an ABA delegation in China at the same time as CODEL Wolff, and has kindly given permission for his report to appear at this point.]

MEMBERS OF ABA DELEGATION

A delegation of 12 from the American Bar Association (ABA) was invited by the Chinese People's Association for Friendship with Foreign Countries (Friendship Association) to visit China for two weeks to make contacts and exchange views with various organizations and departments on legal questions of international trade and other topics of mutual interest.

The invitation reflects both the changed Chinese internal developments of the last 18 months as well as an element in China's current program to improve its relations with the United States.

The Chairman of the Delegation was William B. Spann, Jr., President of the ABA from 1977-78. Others included S. Shepherd Tate, the current ABA President; Leonard S. Janofsky, President-Elect; Chesterfield Smith of Florida, ABA President during the Nixon impeachment proceedings; Bert H. Early, ABA Executive Director; and John P. Bracken, Past ABA Chairman, House of Delegates. Chief Justice Vincent L. McKusick of the Maine Supreme Court and Judge Cecil F. Poole of the U.S. District Court, California, represented the American judiciary. Professors Ruth Ginsberg, Columbia Law School and Don Wallace of Georgetown University Law School were also members of the delegation. My qualification was both as in-house legal counsel for a multinational corporation and specialist in maritime and commodities arbitration. Attorney Stan Lubman, who specializes in Chinese business transactions acted as secretary of the delegation.

ITINERARY

The delegation visited Peking, Shanghai and Hangchow. Peking is the political, cultural and spiritual center of China and home to seven million people. All Foreign embassies are located here. Peking is the headquarters of all China's major agencies concerned with foreign trade, including the Ministry of Foreign Trade, Bank of China, the China Council for the Promotion of International Trade (CCPIT) and China's eight Foreign Trade Corporations (FTCs).

Shanghai is one of the three municipalities under the direct jurisdiction of the central government of the People's Republic of China. It has an integrated industrial base as well as one of China's main ports for foreign trade. Its total population is 10.8 million.

Hangchow is a resort area. To the west of the city is West Lake which became famous for its scenic beauty as early as Tang Dynasty.

PEKING UNIVERSITY LAW DEPARTMENT

The Peking University Law Department was reopened within the past 18 months. During the Cultural Revolution it had been closed as had law departments in four other universities and political legal institutes. With the smashing of the "gang of four" and Lin Piao the legal departments and institutes have been reopened.

Members of the Peking faculty are currently engaged in revisions and codifications of the civil and criminal law, procedure and environmental protection laws. Members of the faculty were engaged in the drafting of the new constitution.

The present enrollment in the law department is 300 students and faculty and staff of about 100.

There are no full-time lawyers in China but only part-time lawyers. Members of the faculty from time to time act as lawyers and represent individuals in criminal cases and family matters.

A defendant in a criminal action may either defend himself or be defended by a member of his working unit, neighbor or part-time attorney.

Prior to 1956 full-time lawyers and lawyer associations existed. We were told that law clinics were closed because of their non-use. An alternative explanation was the use of legal clinics by private citizens was significant enough to cause alarm to the authorities.

The new Constitution adopted March 8, 1978, is of major importance since it makes clear for all Chinese people their role in the post-Cultural Revolutionary period. Emphasis is upon three aspects: (1) Class struggle, (2) production, and (3) scientific progress. The functions and tasks of State Councils and National People's Congress are more explicit than in the past as well as their relationships to each other.

Respect for the law is a basic tenet. The new Constitution restored the practice of having a procuratorial department separate from the public security department. The "gang of four" had advocated "smashing the public security organs, procuratorial organs and people's courts."

LAW, POLITICS, PRIVACY

The Chinese believe there is no need for lawyers because everyone is aware of the law. Every week for several hours small units of neighbors, workers and housewives meet to discuss problems of their particular units. All Chinese are included in one of these study groups. These discussions will include a particular individual's conduct, family disputes, neighbor disputes, family planning priorities. Deviations by individuals in the group from accepted political orientation will be discussed with a view toward reforming the deviant. Individuals are urged to evaluate their own conduct at these meetings (self-criticism) and to reform themselves.

Although crime does exist in China, it is nowhere near the proportions existing in the U.S. Minor disturbances which in the U.S. go unnoticed will be discussed in China by the neighborhood unit and the particular individuals urged to correct their ways.

Privacy is virtually unknown. For example, neighborhood medical clinics, staffed by para-professionals (barefoot doctors), post a chart on the clinic's wall showing the menstrual cycles of the neighborhood women as well as the birth control device they use. Neighborhood units have a quota for newborn children and the neighborhood will decide which family is to have the children. Families are limited to two children and preferably one child. The consequences of more than two children are not clear, but it seldom happens.

The people appear to be healthy, well fed, adequately clothed and housed.

CHINA COUNCIL FOR PROMOTION OF INTERNATIONAL TRADE (CCPIT)

One of the organizations of China's Ministry of Foreign Trade is the CCPIT, whose function is trade with non-socialist countries including those having no diplomatic relations with Peking. The CCPIT represents China's Foreign Trade Organizations in these foreign countries as well as sending trade delegations, receiving foreign delegations, participating in international trade fairs and collecting and disseminating information concerning international trade.

We met with Jen Tsien-Hsin, who is the head of the Legal Department of the CCPIT. He is also Secretary General of the two arbitration commissions within the CCPIT, namely, the Foreign Trade Arbitration Commission (FTAC) and Maritime Arbitration Commission (MAC).

The work of the CCPIT Legal Department includes general average adjustment, trade mark registration, legalization and certification of documents and research on foreign trade and maritime law.

ARBITRATION

CCPIT stresses settlement of disputes through friendly negotiation and settlement, or conciliation. The two arbitration bodies are concerned only if one of the parties is foreign. Disputes between two Chinese parties are settled by economic commissions at all levels.

The main feature of Chinese arbitration procedure is a combination of arbitration with conciliation. Before the formation of an arbitration tribunal, the CCPIT attempts to settle disputes by conciliation. Subsequently, the tribunal will attempt to conciliate the dispute. In Chinese view, most of the cases can be settled by conciliation.

In 1977—Joint Conciliation by CCPIT and AAA of disputes arising in trade between the U.S. and China was proposed. AAA proposed a Joint Commission and procedure for joint conciliation. Although CCPIT thinks the idea of a bilateral arrangement is a good one, CCPIT believes there is not sufficient experience for a written agreement to be negotiated.

Choice of law—In the Chinese view, each party prefers that the law of his country be the applicable law in any arbitration. Accordingly, Chinese arbitration commissions will consider the following three sources of appropriate applicable law and principles: (1) Chinese law and law of other contracting party, (2) contract terms (3) international practices.

CRIMINAL TRIAL

We attended in Peking the trial of defendant, Ri Chun Yuan, a 28 year old man accused of several thefts of amplifiers and TV sets from his employer, the Capital Auto Rental Company, and from a nearby police box. All the items stolen, worth about U.S. \$1,000 were recovered.

The panel consisted of Chief Judge Wang Chi (a woman) of the Intermediate People's Court of Peking, and two People's Assessors, one a Cadre (Staff) in the Peking General Rubber Plant and the other a worker at the defendant's work place, who had been invited by the Court. The Secretary of the Court made a verbatim transcript.

The prosecution's case was presented by a man and woman from the Peking Municipal Public Security Bureau. Neither was a lawyer.

At the defendant's request, he was represented by two part-time lawyers who were also lecturers at the Law Department of Peking University.

Three hundred people attended the trial, including workers from the defendant's unit, neighbors, friends and the public.

The defendant had confessed his crimes to the Public Security Bureau and also to the responsible person (leader) of his work unit. The defendant had not been represented by counsel.

Prior to the trial, the Public Security Bureau had conducted an investigation, interviewing witnesses, workers at defendant's place of employment, as well as interviewing his neighbors.

The most important mission of the Chinese criminal process is to implement the policies of the Chinese Communist Party. When Party policy changes, the laws must be changed to reflect the new policy. At the trial, the defendant and his part-time attorneys emphasized that defendant had been misled by the policies of the gang of four.

A principle of sentencing is leniency to those who confess their crimes and severity to those who resist. Chinese criminal process seeks to reform and reintegrate the offenders into the socialist society. The offender is urged to repent and to be re-educated.

At the trial, the defendant had the right if he chose to challenge members of the Court. He accepted the court panel. He described for the Court his life history. His parents and two of his brothers were workers in Peking. He described how he had taken the stereo equipment and TVs from his employer. He pointed out however his brother and not he had taken a particular amplifier. The defendant wanted to build a hi-fi set and tv for himself but didn't have sufficient money. He feared detection by his parents and disassembled the items he had taken and hid them under his bed.

Following the defendant's testimony, the Court read written statements from several witnesses including the Party Secretary at the Capital Car Company and the statement of defendant's prior good character by Party Secretary of the neighborhood.

Defendant's part-time lawyers did not cross examine any of the witnesses, although they were given an opportunity.

The defense lawyers did not question his confession but emphasized that defendant had served in the army receiving commendations on three occasions. He had never taken anything before. He had returned all of the items taken. The defendant had been badly influenced by the gang of four, but now had voluntarily confessed his crimes and was repentant.

Following the open hearing, defendant and the witnesses exited the courtroom. The three judges left their seats on the raised court bench, and took seats at the front of the audience. Members of the audience were now invited to comment on the evidence as well as to recommend an appropriate sentence. The consensus was the crime was serious because it involved the theft of State property. Since the defendant was young, had confessed and was repentant, and apparently had been misled by the disrespect to law and order at the time of the gang of four, a two-year sentence was recommended. In fact, defendant was sentenced to two years of imprisonment.

MODERNIZATION, AGRICULTURE, CEROILFOODS

China has set a goal of modernization by the year 2000. The four modernizations emphasized are: agriculture, industry, national defense, and science and technology.

Priority should be given to agriculture as the foundation for all development. Unless agriculture production rises, industry cannot respond. The Chinese have set as their production goal for 1985, 400 million tons of grain.

Chairman Hua has stated that " * * * All provinces must endeavour to become more than self-sufficient in grain and ensure an all-round development of agriculture, forestry, livestock breeding, side-occupations and fishery."

Our delegation visited Changcheng (Long March) People's Commune in Peking. The Commune is principally engaged in the production of vegetables plus some small industry. The commune is divided into production teams (twenty to thirty families) and brigades (several production teams make up a production brigade). In addition to commune owned farms, each family has a very small private plot whose production can be consumed by the family or sold outside the commune at a fair for that purpose.

In Peking, I met with Shih Yun Ching, Deputy Manager, Import Department of the China National Cereals, Oils and Foodstuffs Import and Export Corporation (Ceroilfoods). Since I was a Continental executive, I was welcomed as a friend of China. However, I was the first attorney to meet with him and he asked whether there were any problems. I assured him this was a visit by another friend and no particular problems to be discussed.

Commercial contracts are drawn by the merchandisers of Ceroilfoods. No person within that organization was identified either as a lawyer, legal expert, or contract specialist. The import manager was familiar with standard commodities contract such as GAFTA and NAEGA. These forms are not used by CEROIL-FOODS. I was told that with friends such as Continental, special contracts are negotiated.

I presented several publications and articles concerning GAFTA and NAEGA standard form contracts and arbitration procedure. I was told that among friends, the Chinese settled disputes and seldom referred differences to arbitration.

NORMALIZATION

The Chinese have stated three requirements for full diplomatic relations between the U.S. and China (normalization), namely: (1) U.S. recognition that Peking is the exclusive representative of China; (2) terminating the Mutual Defense Treaty of 1954 between Taiwan and the U.S.; and (3) withdrawal of all U.S. forces from Taiwan. (In fact, only a small number of American military personnel remain on Taiwan. The Military Assistance Advisory Group is being phased out.)

In the Shanghai Communique of 1972 signed by President Nixon and Premier Chou En-lai, the U.S. acknowledged that "there is but one China and Taiwan is a part of China * * * "(The U.S. reaffirmed) its interest in a peaceful settlement of the Taiwan question by the Chinese themselves. With this prospect in mind, (the U.S.) affirms the ultimate objective of the withdrawal of all U.S. forces and military installations on Taiwan as the tension in the area diminishes." Both parties agreed in the Communique that "progress towards the normalization of relations between China and the U.S. is in the interests of all countries."

Our delegation met with our host, Wang Ping-Nan, President, Chinese People's Association For Friendship with Foreign Countries. He had been an associate of Chou En-lai and Chinese Ambassador to Poland. Ambassador Wang stated China seeks peaceful relations with the U.S., based on five principles, namely, (1) mutual respect, (2) non-interference, (3) non-aggression, (4) mutual benefit and (5) peaceful coexistence.



Ambassador Wang stated that the status of Taiwan is an internal matter. Traditionally the Chinese have said that they would liberate Taiwan by force. However, Ambassador Wang noted that in July Communist Party Vice Chairman Teng Hsiao-Ping said to U.S. Representative Lester Wolff that the Chinese would negotiate directly with the Nationalists. On two prior occasions the Communist Party and the Kuomintang (Nationalist Party) had cooperated. Ambassador Wang stated that China has taken notice of the U.S. economic interests in Taiwan. After normalization, China will not place restrictions on contracts between the U.S. and Taiwan. Ambassador Wang suggested that the U.S. follow the example of Japan and end diplomatic relations with Taiwan but continue trade relationships informally.

Subsequently, we visited the Great Hall of the People in Peking and met Vice Premier Chi Teng K'uei, who is a political hardliner. He stated that the Mutual Defense Treaty was like China making a defense treaty with the State of Texas. He asked how the U.S. could ignore 900 million Chinese.

He was reluctant to recall the past but remembered the U.S. had aided Chiang-Kai-shek with \$6 billion of military equipment. Chiang Kai-shek had lost the war, but nonetheless, the U.S. failed to establish diplomatic relations with China.

Mistakes of the past can be corrected, he said. When Dulles was Secretary of State, China was blockaded by the U.S. The Vice Premier spoke favorably of recent communication between the U.S. and China. However, he recalled that in 1975, when China planned to send its Performing Arts Group to the U.S. the trip was cancelled by the Chinese because they were not permitted to sing "Taiwan Compatriots."

The Vice Premier continued that the social systems of the two countries were different—the U.S., a developed capitalist country and China, a developing socialist country. Under U.S. law, private property is inviolable. In China, public property is inviolable and the government is entitled to confiscate private property.

In China there is mass democracy with the right of 95% of the people to criticize and to write wall posters. However, 5% of the people have no rights. These people are landlords, rich peasants who refuse to transform themselves and counter-revolutionaries. In China, all legal institutions are instruments of the proletarian revolution. Legal institutions are not intended to protect the reactionary class.

For final emphasis, the Vice Premier stated that China had no intention to export its legal system, nor did it desire to import that of the U.S.

OTHER PLACES VISITED

The delegation also visited in Peking, the Bank of China, the Institute of Law of the Chinese Academy of Social Sciences, and the Peking Municipal Peoples High Court. In Shanghai we visited the prison, the District Court, and toured one of the Shanghai residential areas. In each of the cities, we were hosted to banquets by the Friendship Association and we in turn gave banquets in their honor. The food was excellent and varied. We visited the Great Wall, Ming Tombs, Forbidden City, and Summer Palace. We heard a concert performed with traditional Chinese instruments. All in all, it was an interesting tour, packed into sixteen days.

The following is a list of key persons I met with in China during my recent visit:

- (1) Chi Teng-K'uei, Vice Premier (Public Security and Law), Peking.
- (2) Wang Ping-nan, President, Chinese People's Association for Friendship with Foreign Countries, Peking.
- (3) Shih Yun Ching, Deputy Manager, Import Department, China National Cereals Oils and Foodstuffs Import and Export Corporation, Peking.
- (4) Han Yu-t'ung, Director of the Law Institute Academy of Social Sciences, Peking.
- (5) Jen Tsien-hsin, Legal Affairs Director, China Council for Promotion of International Trade, Peking.
- (6) Ambassador Leonard Woodcock, United States Liaison Office, Peking.
- (7) Stapleton Roy, Deputy Chief of Mission United States Liaison Office, Peking.
- (8) William Wayt Thomas, Jr., Chief, Commercial/Economic Section, United States Liaison Office, Peking (Telephone 522033-215).